

City Clerk File No. Ord. 16.104

Agenda No. 3.A 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.104

TITLE **ORDINANCE APPROVING A 30 YEAR TAX EXEMPTION FOR A MIXED USE MARKET RATE RENTAL PROJECT TO BE CONSTRUCTED BY HC WEST CAMPUS URBAN RENEWAL I, LLC, AN URBAN RENEWAL ENTITY, PURSUANT TO THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ.**

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, HC West Campus Urban Renewal I, LLC, is an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. (Entity); and

WHEREAS, the Entity is the Lessee of certain property under a Ground Lease dated September 25, 2015, designated as Block 21902.04, Lot 4, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, on the City's Official Tax map, consisting of approximately 1.36 acres which will be known by the street address of 23 University Place Boulevard, and more specifically described by metes and bounds, in the application (Property); and

WHEREAS, the Property is located within the NJCU West Campus Redevelopment Plan Area, as required by N.J.S.A. 40A:20-4 and N.J.S.A. 40A:12A-5(g); and

WHEREAS, the Project received site plan approval from the Planning Board on October 20, 2015 to construct a mixed use market rate rental project to consist of a five (5) story building with approximately one hundred and sixty-three (163) units; 10,048 square feet of commercial/retail space; and approximately one hundred seventy-seven (177) parking spaces for retail and residential tenants (Project); and

WHEREAS, by application dated March 23, 2016, as revised and finalized on June 1, 2016, the Entity applied for a 30 year Long Term Tax Exemption; and

WHEREAS, HC West Campus Urban Renewal I, LLC, has agreed to:

1. pay the greater of (i) the Minimum Annual Service Charge or (ii) 11% of the Annual Gross Revenue, which sum is initially estimated to be \$465,254; and which shall be subject to statutory staged increases over the term of the tax exemption; and
2. pay an annual sum equal to 2% of each prior year's Annual Service Charge as an Administrative Fee initially estimated at \$9,305; and
3. provide employment and other economic opportunities for City residents and businesses; and
4. pay to the City, for remittance to Hudson County, an additional amount equal to 5% of the Annual Service Charge estimated to be \$23,263; and
5. pay the sum of \$339,222 to the City's Affordable Housing Trust Fund;

6. execute a Project Employment & Contracting Agreement; execute a Project Labor Agreement pursuant to Section 304-33 of the Jersey City Municipal Code, and comply with the Living Wage Ordinance, Section 3-76 of the Jersey City Municipal Code; and

WHEREAS, the City hereby determines that the relative benefits of the project outweigh the cost of the tax exemption, for the following reasons:

1. the City's Tax Assessor estimates that the property will generate a land tax of only \$84,846, whereas, the Annual Service charge as estimated, will generate revenue to the City of at least \$465,254 upon Substantial Completion;
2. the Project will create approximately 125 jobs during construction and 25 new permanent jobs;
3. the Project will stabilize and contribute to the economic growth of businesses in the surrounding area;
4. the Project will further the overall redevelopment objectives of the NJCU West Campus Redevelopment Plan Area;
5. the City's impact analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project will outweigh the costs to the City; and

WHEREAS, the City hereby determines that the tax exemption is important in obtaining development of the project and influencing the locational decisions of probable occupants for the following reasons:

1. the relative stability and predictability of the Annual Service Charge will make the Project more attractive to investors needed to finance the Project;
2. the relative stability and predictability of the Annual Service Charge will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will attract tenants to the Project and insure the likelihood of the success of the Project; and

WHEREAS, HC West Campus Urban Renewal I, LLC, has initially complied with Executive Order 2002-005 concerning "Disclosure of Lobbyist Representative Status" by filing appropriate letters of its lobbyists in the Office of the City Clerk; and

WHEREAS, HC West Campus Urban Renewal I, LLC, has agreed to execute a Project Employment & Contracting Agreement, and a Project Labor Agreement, and also to comply with the requirements of Section 3-76 of the Jersey City Municipal Code concerning required Wage, Benefit and Leave standards for any building service workers.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

A. The March 23, 2016, as revised and finalized on June 1, 2016, application of HC West Campus Urban Renewal I, LLC, an urban renewal company, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., a copy of which is on file in the office of the City Clerk, property designated as Block 21902.04, Lot 4, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, on the City's Official Tax map, consisting of approximately 1.36 acres, and which will be known by the street address of 23 University Place Boulevard, more specifically described by metes and bounds in the application, is hereby approved.

B. The Mayor or Business Administrator is hereby authorized to execute a tax exemption Financial Agreement. The Financial Agreement shall include at a minimum the following terms and conditions:

1. Term: the earlier of 35 years from the adoption of the within Ordinance or 30 years from the date the project is Substantially Complete;
2. Annual Service Charge: each year the greater of:
 - (a) the Minimum Annual Service Charge is \$84,846, but will be \$465,254 upon Substantial Completion, whether or not the Project is occupied; or
 - (b) 11% of the Annual Gross Revenue, which initial sum is estimated to be \$465,254, and which shall be subject to statutory increases during the term of the tax exemption.
3. Administrative Fee: 2% of the prior year's Annual Service Charge estimated to be \$9,305;
4. County Payment: 5% of the Annual Service Charge to the City for remittance by the City to Hudson County estimated to be \$23,263;
5. Project: A mixed use market rate rental project to consist of a five (5) story building with approximately one hundred and sixty-three (163) units; 10,048 square feet of commercial/retail space; and approximately one hundred seventy-seven (177) parking spaces for retail and residential tenants;
6. Affordable Housing Trust Fund: \$1,500 per unit or \$244,500; and \$1.50 per square foot x 63,148 square feet of commercial/retail and parking space; for a total of \$339,222. Such funds will be accelerated and are non-refundable and may not be transferred in the event of a termination or expiration of the Financial Agreement;
7. Staged Adjustments:
 - (a) Stage One: years 1-9, Annual Service Charge shall be 11% of Annual Gross Revenue;
 - (b) Stage Two: years 10-13, Annual Service Charge or 20% of the amount of the taxes otherwise due;
 - (c) Stage Three: years 14-17, Annual Service Charge or 40% of the amount of the taxes otherwise due;
 - (d) Stage Four: years 18-21, Annual Service Charge or 60% of the amount of the taxes otherwise due;
 - (e) Final Stage: Beginning on the 1st day of the 22nd year through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due.
8. Project Employment & Contracting Agreement: an obligation to execute a Project Employment and Contracting Agreement to insure employment and other economic benefits to City residents and businesses;
9. Project Labor Agreement: an obligation to execute a Project Labor Agreement pursuant to Section 304-37(3) of the Municipal Code.
10. Compliance with the Living Wage Ordinance, Section 3-76 of the Jersey City Municipal Code for any building service workers serving the Project.
11. The Affordable Housing Trust Fund contribution: payments shall be due on execution of the Financial Agreement, but in no event later than 30 days from the date of the adoption of the within ordinance. If the Financial Agreement is not executed for any reason whatsoever, interest shall accrue on such payments as of the 31st day at the highest rate permitted for unpaid real estate taxes.

12. This Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project: 1) commences no later than two (2) years from the date the within ordinance is adopted; and 2) is Substantially Complete no later than five (5) years from the date of adoption of the within Ordinance.

C. The City Clerk shall deliver a certified copy of the Ordinance and Financial Agreement to the Chief Financial Officer of the county and to the County Counsel, for information purposes, within ten (10) calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity.

D. The application is on file with the office of the City Clerk. The Financial Agreement and Project Employment and Contracting Agreement shall be in substantially the form on file in the Office of the City Clerk, subject to such modification as the Business Administrator or Corporation Counsel deems appropriate or necessary.

E. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.

F. This ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.

G. This ordinance shall take effect at the time and in the manner provided by law.

H. The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All material is new; therefore underlining has been omitted.
For purposes of advertising only, new matter is indicated by **bold face**
and repealed matter by *italic*.

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____
Business Administrator

Certification Required ☐

Not Required ☐

ORDINANCE FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any Ordinance that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the Ordinance.

Full Title of Ordinance

An Ordinance to Approve A Thirty Year Tax Exemption for a Market Rate Mixed-Use Rental Project to be Constructed by HC West Campus I Urban Renewal, LLC, An Urban Renewal Entity pursuant to the Long term Tax Exemption Law N.J.S.A. 40A:20-1 et. seq. Designated as Block 21902.04 Lot 4 on the City's Tax Map and known as 23 University Place Blvd.

Initiator

Department/Division	Office of the Mayor	Office of the Deputy Mayor
Name/Title	Marcos D. Vigil	Deputy Mayor
Phone/email	201-547-6542	mvigil@icnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Ordinance Purpose

The applicant, HC West Campus Urban Renewal I, LLC, is applying for a thirty (30) year tax abatement under N.J.S.A. 40A:20-1 et seq. It will be new construction of a five (5) story mixed-use, market rate rental project within the NJCU West Campus Redevelopment Plan.

The application fee of \$9,500 was paid. The Fiscal Impact Cost Projection shows positive revenue to cost.

The proposed project will be a five (5) story mixed-use, market rate rental project. The building will contain approximately one hundred and sixty-three (163) dwelling units, 10,048 square feet of commercial/retail space. There will be one hundred and seventy-seven (177) parking spaces.

I certify that all the facts presented herein are accurate.

Marcos D. Vigil
Deputy Mayor

Date

DRAFT

DATE: May 12, 2016

TO: John Hallanan (For distribution to City Council and City Clerk)

FROM: Al Cameron, Fiscal Officer - Tax Collector's Office

SUBJECT: THIRTY YEAR TAX ABATEMENT: MIXED - USE, MARKET- RATE
RENTAL PROJECT – HC West Campus Urban Renewal I, LLC
Block 21902.04 Lot 4

CC: M. Cosgrove, E. Borja, J. Monahan, E. Toloza, M. Vigil, R. Kakoleski, R. Lavarro, G. Corrado

INTRODUCTION:

The applicant, HC West Campus Urban Renewal I, LLC, is applying for a thirty (30) year tax abatement under N.J.S.A. 40A:20-1 et seq. It will be new construction of a five (5) story mixed-use, market rate rental project within the NJCU West Campus Redevelopment Plan. The application fee of \$9,500 was paid.

LOCATION OF THE PROPERTY:

The applicant entered into a ground lease with New Jersey City University for property located on the West Campus south of Carbon Place between Route 440 and West Side Avenue. The project is referred to as West Campus Block 3. It will be known as 23 University Place Blvd.

PROPERTY TO BE CONSTRUCTED:

The proposed project will be a five (5) story mixed-use, market rate rental project. The building will contain approximately one hundred and sixty-three (163) dwelling units, 10,048 square feet of commercial/retail space. There will be parking spaces for retail and residential tenants totaling one hundred and seventy-seven (177). The residential units are as follows:

<u>Unit Type</u>	<u>Number of units</u>
Studio	27
One Bedroom	112
Two Bedroom	<u>24</u>
<u>Total</u>	<u>163</u>

ESTIMATED TOTAL PROJECT COST:

The cost of construction estimated at \$39,591,532 is certified by Dean Marchetto, the applicant's architect. Total Project Cost is projected at \$47,447,682.

HC West Campus UR I LLC Sum.docx

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CONSTRUCTION SCHEDULE:

The applicant estimates construction will begin in August 2016 with completion within fourteen (14) months.

ESTIMATED JOBS CREATED:

The applicant estimates creation of one hundred fifty (125) jobs during Construction. Post-construction jobs will be approximately twenty (20) permanent positions. The applicant will execute both a Project Employment and Contracting Agreement and a Project Labor Agreement.

AFFORDABLE HOUSING TRUST FUND CONTRIBUTIONS:

HC WEST CAMPUS URBAN RENEWAL I LLC AHTF PAYMENT

		Rate	Amount
Residential Units	163	\$1,500	\$244,500.00
Square footage Parking	10,048	\$1.50	\$15,072.00
Commercial space	53,100	\$1.50	\$79,650.00
Total AHTF Payment			<u>\$339,222.00</u>

The property owned by New Jersey City University is currently tax exempt. The new assessment for the land based upon the proposed project of Block 21902.04 Lot 4 is \$1,134,000. The proposed Improvements are assessed at \$7,735,600. At the current tax rate of \$74.82 the estimated annual land tax is \$84,846.

PROPOSED ABATEMENT:

The applicant has requested a term of the lesser of thirty five (35) years from the date of approval of an ordinance approving the abatement or thirty (30) years from substantial completion of the project.

The Applicant proposes an Annual Service Charge of eleven percent (11%) of Annual gross revenue, a two percent (2%) City administrative fee and a five percent (5%) service charge to Hudson County.

STAGED ADJUSTMENTS:

Beginning the first day of year ten (10) through the end of year thirteen (13) it would be the greater of the Annual Service Charge or twenty percent (20%) of conventional taxes otherwise due.

Beginning the first day of year fourteen (14) through the end of year seventeen (17) it would be the greater of the Annual Service Charge or forty percent (40%) of conventional taxes otherwise due.

Beginning the first day of year eighteen (18) through the end of year twenty-one (21) it would be the greater of the Annual Service Charge or sixty percent (60%) of conventional taxes otherwise due.

Beginning in year twenty-two (22) through the end of year thirty (30) it would be the greater of the Annual Service Charge or eighty percent (80%) of conventional taxes otherwise due.

Beginning in year thirty-one (31) the project would pay full conventional tax.

The Tax Assessor's phase-in schedule assesses the Land at \$1,134,000 and the improvements at \$ 7,735,600 for the completed project. The PILOT would be the greater of the Annual Service Charge (ASC) or the result of the staged adjustments.

PROPOSED REVENUE TO THE CITY:

At full occupancy the Good Faith estimated annual revenue is \$4,229,585. The Annual Service charge at the rate of eleven percent (11%) is \$465,254. The City Administrative fee at two percent (2%) would be \$9,305 and the Hudson County fee of five percent (5%) would be \$23,263.

The Fiscal Impact Cost Projection included shows positive revenue to cost.

FISCAL IMPACT COST PROJECTION (MARKET RATE RENTAL UNITS - 30 YEAR)

Block: 21902.04 Lot: 4

Loc: 23 UNIVERSITY PLACE BLVD. (BLOCK 3)

Market Rate Rental Units		Demographic Multipliers (Transit Oriented Development)*				Annual Expenditures		Total Annual Expenditures		
Planned Development	Number of Units	Household	Students	Residents	Students	Per Capita Municipal	Per Pupil Per School District	Municipal	School District	Total
Studio	27	1.000	0.000	27.00	0.00	\$1,181.83	\$3,673.00	\$31,909.38	\$0.00	\$31,909.38
1 Bedroom	112	1.421	0.050	159.15	5.60	\$1,181.83	\$3,673.00	\$188,090.42	\$20,568.80	\$208,659.22
2 Bedroom	24	2.012	0.120	48.29	2.88	\$1,181.83	\$3,673.00	\$57,068.15	\$10,578.24	\$67,646.39
TOTAL	163			234.44	8.48			\$277,067.95	\$31,147.04	\$308,214.99

1. Total Municipal Ratables	\$5,997,768,597	4. CY 2015 Budget	\$535,307,187	6. Population of Jersey City (2010 Census)	247,597	9. Increase in Services Incurred Per Development	\$ 308,214.99
2. Residential Ratables	\$3,278,586,056			7. Per Capita Municipal Cost		10. Anticipated Gross PILOT (1st Year)	
Commercial Ratables	\$1,512,274,524				\$1,181.83	11% AGR	\$ 465,254.35
						2% Admin	\$ 9,305.09
						Less Land Tax (74.82)	\$ (84,845.88)
3. Residential Ratables as a Percentage of Total Ratables	54.66%	5. Residential Portion	\$292,617,271	8. Annual Expenditures Per Student**	\$3,673.00	11. 1st Year Net PILOT	\$ 389,713.56
						12. Implied Surplus (Cost)	\$ 81,498.57

Classic Average costing approach for projecting the impact of population change and local Municipal and School District costs

NEW ASSESSMENT AFTER IMPROVEMENTS

*Source: New Jersey Demographic Multipliers: Profile of the Occupants of Residential and Nonresidential Development; Listokin, November 2006

**Source: 2015-2016 Jersey City Municipal Cost Per Pupil

LAND: 1,134,000
BLDG: 7,735,600

SERVICE CHARGE VS CONVENTIONAL

***ASSUMING 74.82 TAX RATE WITH 2% ANNUAL INCREASE**

NJCU WEST CAMPUS (BLOCK 3)

BLOCK 21902.04

LOT 4

NEW ASSESSMENTS BASED ON TAX ASSESSOR ANALYSIS

LAND	1,134,000	COUNTY	5%	EXISTING ASSESSMENT	1,134,000
BLDG	7,735,600	ADMIN	2%		
TOTAL	8,869,600			PROJECTED SERVICE CHARGE (1ST YEAR)	465,254

YEAR	ASC w/ Phase-In Less Land Tax Credit	ASC w/ 2% Annual Increase	ASC w/ 2% Annual Increase & Phase-In	County	Admin	Estimated Conventional Taxes On NEW Assessment	Staged Adj Rate	Conventional Taxes at 51% (Estimated)	Current Taxes On EXISTING Assessment	Land Tax
1	380,408	465,254	465,254	23,263	9,305	663,623		338,448	84,846	84,846
2	388,016	474,559	474,559	23,728	9,491	676,896		345,217	86,543	86,543
3	395,777	484,050	484,050	24,203	9,681	690,434		352,121	88,274	88,274
4	403,692	493,731	493,731	24,687	9,875	704,243		359,164	90,039	90,039
5	411,766	503,606	503,606	25,180	10,072	718,327		366,347	91,840	91,840
6	420,001	513,678	513,678	25,684	10,274	732,694		373,674	93,677	93,677
7	428,401	523,952	523,952	26,198	10,479	747,348		381,147	95,550	95,550
8	436,969	534,431	534,431	26,722	10,689	762,295		388,770	97,461	97,461
9	445,709	545,119	545,119	27,256	10,902	777,541		396,546	99,410	99,410
10	454,623	556,022	556,022	27,801	11,120	793,091	20%	404,477	101,399	101,399
11	463,715	567,142	567,142	28,357	11,343	808,953	20%	412,566	103,427	103,427
12	472,990	578,485	578,485	28,924	11,570	825,132	20%	420,818	105,495	105,495
13	482,449	590,055	590,055	29,503	11,801	841,635	20%	429,234	107,605	107,605
14	492,098	601,856	601,856	30,093	12,037	858,468	40%	437,819	109,757	109,757
15	501,940	613,893	613,893	30,695	12,278	875,637	40%	446,575	111,952	111,952
16	511,979	626,171	626,171	31,309	12,523	893,150	40%	455,506	114,191	114,191
17	522,219	638,694	638,694	31,935	12,774	911,013	40%	464,617	116,475	116,475
18	532,663	651,468	651,468	32,573	13,029	929,233	60%	473,909	118,805	118,805
19	543,316	664,497	664,497	33,225	13,290	947,818	60%	483,387	121,181	121,181
20	554,183	677,787	677,787	33,889	13,556	966,774	60%	493,055	123,604	123,604
21	565,266	691,343	691,343	34,567	13,827	986,110	60%	502,916	126,077	126,077
22	676,067	705,170	804,665	40,233	16,093	1,005,832	80%	512,974	128,598	128,598
23	689,589	719,273	820,759	41,038	16,415	1,025,948	80%	523,234	131,170	131,170
24	703,380	733,659	837,174	41,859	16,743	1,046,467	80%	533,698	133,793	133,793
25	717,448	748,332	853,917	42,696	17,078	1,067,397	80%	544,372	136,469	136,469
26	731,797	763,299	870,996	43,550	17,420	1,088,745	80%	555,260	139,199	139,199
27	746,433	778,564	888,416	44,421	17,768	1,110,520	80%	566,365	141,983	141,983
28	761,362	794,136	906,184	45,309	18,124	1,132,730	80%	577,692	144,822	144,822
29	776,589	810,018	924,308	46,215	18,486	1,155,385	80%	589,246	147,719	147,719
30	792,121	826,219	942,794	47,140	18,856	1,178,492	80%	601,031	150,673	150,673

TOTAL	16,402,969	18,874,461	19,845,004	992,250	396,900	26,921,930		13,730,184	3,442,034	3,442,034
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ASC phase-in reflects annual 2% increase in conventional taxes AND Gross Rents
Projected figures subject to rounding discrepancies

TIER 3 - FINANCIAL AGREEMENT (30 YEAR)
Rev. 6/23/16
Long Term Tax Exemption
N.J.S.A. 40A:20-1, et seq.
Residential Rental or Residential Condominium

Re: 23 University Place Boulevard (to be known as).
Approximately 1.36 Acres
Block 21902.04, Lot 4
NJCU West Campus Redevelopment Plan Area

PREAMBLE

THIS FINANCIAL AGREEMENT, [Agreement] is made the _____ day of ___, 2016, by and between **HC WEST CAMPUS URBAN RENEWAL I, LLC**, an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., having its principal office at 22 Maple Avenue, Morristown, NJ 07960, and the **CITY OF JERSEY CITY**, a Municipal Corporation of the State of New Jersey, having its principal office at 280 Grove Street, Jersey City, New Jersey 07302 [City].

RECITALS

WITNESSETH:

WHEREAS, the Entity is the Ground Lessee pursuant to Ground Lease dated September 25, 2015, of certain property designated as Block 21902.04, Lot 4, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, on the City's Official Tax Map, consisting of approximately 1.36 acres, which will be known by the street address of 23 University Place Boulevard, Jersey City, and more particularly described by the metes and bounds description set forth as Exhibit 1 to this Agreement; and

WHEREAS, this property is located within the boundaries of the NJCU West Redevelopment Plan Area; and

WHEREAS, the Entity plans to construct a mixed-use, five (5) story mixed-use market rate rental Project with approximately one hundred and sixty-three (163) units; 10,048 square feet of commercial/retail space; and approximately one hundred seventy-seven (177) parking spaces for retail and residential tenants; and

WHEREAS, on October 20, 2015 the Project received site plan approval from the

Planning Board; and

WHEREAS, on March 23, 2016, as revised and finalized on June 1, 2016, the Entity filed an Application with the City for a long term tax exemption for the Project; and

WHEREAS, by the adoption of Ordinance _____ on _____, 2016, the Municipal Council approved a long term tax exemption for the Project and authorized the execution of a Financial Agreement; and

WHEREAS, the City made the following findings:

A. Relative Benefits of the Project when compared to the costs:

1. the current real estate tax should generate revenue of approximately \$84,846, whereas, the Annual Service charge as estimated, will generate revenue to the City of at least \$465,254;
2. as required by ordinance 13-088, the Entity shall pay the City the total sum of \$339,222, with \$113,074 on or before the effective date of the ordinance approving the Financial Agreement, and the balance of \$226,148 as an affordable housing contribution as required by the ordinance;
3. it is expected that the Project will create approximately one hundred twenty-five (125) new construction jobs and twenty-five (25) new permanent full time jobs;
4. the project should stabilize and contribute to the economic growth of existing local business and to the creation of new businesses, which cater to the new occupants;
5. the Project will further the objectives of the NJCU West Campus Redevelopment Plan, and will include the development of vacant property;
6. the City's Impact Analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City; and

B. Assessment of the Importance of the Tax Exemption in obtaining development of the project and influencing the locational decisions of probable occupants:

1. the relative stability and predictability of the annual service charges will make the Project more attractive to investors and lenders needed to finance the Project; and
2. the relative stability and predictability of the service charges will allow the owner to stabilize its operating budget, allowing a high level of

maintenance to the building over the life of the Project, which will attract occupants to the Project, insure the likelihood of stabilized rents to tenants and the success of the Project; and

3. have a positive impact on the surrounding area.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

ARTICLE I - GENERAL PROVISIONS

Section 1.1 Governing Law

This Agreement shall be governed by the provisions of the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., Executive Order of the Mayor 2015-007, Disclosure of Lobbyist Status, Ordinance 02-075, and Ordinance 16-____, which authorized the execution of this Agreement. It being expressly understood and agreed that the City expressly relies upon the facts, data, and representations contained in the Application, attached hereto as Exhibit 3, in granting this tax exemption.

Section 1.2 General Definitions

Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement, the following terms shall have the following meanings:

- i. Allowable Net Profit- The amount arrived at by applying, on a non-accrual basis, the Allowable Profit Rate to Total Project Cost pursuant to N.J.S.A. 40A:20-3(c), each year of the tax exemption.
- ii. Allowable Profit Rate - The greater of 12% or the percentage per annum arrived at by adding 1.25% to the annual interest percentage rate payable on the Entity's initial permanent mortgage financing. If the initial permanent mortgage is insured or guaranteed by a governmental agency, the mortgage insurance premium or similar charge, if payable on a per annum basis, shall be considered as interest for this purpose. If there is no permanent mortgage financing, or if the financing is internal or undertaken by a related party, the Allowable Profit Rate shall be the greater of 12% or the percentage per annum arrived at by adding 1.25% per annum to the interest rate per annum which the municipality determines to be the prevailing rate on mortgage financing on comparable improvements in Hudson County. The provisions of N.J.S.A. 40A:20-3(b) are incorporated herein by reference.

iii. Annual Gross Revenue - Any and all revenue derived from or generated by the Project of whatever kind or amount, whether received as rent from any tenants or income or fees from third parties, including but not limited to fees or income paid or received for parking, or as user fees or for any other services. No deductions will be allowed for operating or maintenance costs, including, but not limited to gas, electric, water and sewer, other utilities, garbage removal and insurance charges, whether paid for by the landlord, tenant or a third party.

iv. Annual Service Charge - The amount the Entity has agreed to pay the City each year for municipal services supplied to the Project, which sum is in lieu of any taxes on the Improvements, pursuant to N.J.S.A. 40A:20-12. It shall include a payment for all annual excess profit.

v. Auditor's Report - A complete annual financial statement outlining the financial status of the Project, which shall also include a certification of Total Project Cost and clear computation of the annual not accrued, Net Profit and annual Excess Profit due to the City, if any. The contents of the Auditor's Report shall have been prepared in conformity with generally accepted accounting principles and shall contain at a minimum the following: a balance sheet, a statement of income, a statement of retained earnings or changes in stockholders' equity, a statement of cash flows, descriptions of accounting policies, notes to financial statements and appropriate schedules and explanatory material results of operations, cash flows and any other items required by Law. The Auditor's Report shall be certified as to its conformance with such principles by a certified public accountant who is licensed to practice that profession in the State of New Jersey.

vi. Certificate of Occupancy - A document, whether temporary or permanent, issued by the City authorizing occupancy of a building, in whole or in part, pursuant to N.J.S.A. 52:27D-133.

vii. Debt Service - The amount required to make annual payments of principal and interest or the equivalent thereof on any construction mortgage, permanent mortgage or other financing including returns on institutional equity financing and market rate related party debt for the Project for a period equal to the term of this Agreement.

viii. Default - Shall be a breach of or the failure of the Entity to perform any obligation imposed upon the Entity by the terms of this Agreement, or under the Law, beyond any

applicable grace or cure periods.

ix. Entity - The term Entity within this Agreement shall mean HC West Campus Urban Renewal, LLC, which Entity is formed and qualified pursuant to N.J.S.A. 40A:20-5. It shall also include any subsequent purchasers or successors in interest of the Project, provided they are formed and operate under the Law.

x. Improvements or Project - Any building, structure or fixture permanently affixed to the land and to be constructed and tax exempted under this Agreement.

xi. In Rem Tax Foreclosure or Tax Foreclosure - A summary proceeding by which the City may enforce a lien for taxes due and owing by tax sale, under N.J.S.A. 54:5-1 to 54:5-129 et seq.

xii. Land Taxes - The amount of taxes assessed on the value of land, on which the project is located and, if applicable, taxes on any pre-existing improvements. Land Taxes are not exempt; however, Land Taxes are applied as a credit against the Annual Service Charge.

xiii. Land Tax Payments - Payments made on the quarterly due dates, including approved grace periods if any, for Land Taxes as determined by the Tax Assessor and the Tax Collector.

xiv. Law - Law shall refer to the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1, et seq.; Executive Order of the Mayor 15-007, relating to long term tax exemption, as it may be supplemented; Ordinance 02-075 requiring Disclosure of Lobbyist Status and Ordinance _____, which authorized the execution of this Agreement and all other relevant Federal, State or City statutes, ordinances, resolutions, rules and regulations.

xv. Minimum Annual Service Charge - The Minimum Annual Service Charge shall be (a) until Substantial Completion the amount of the total taxes levied against all real property in the area covered by the Project in the last full tax year in which the area was subject to taxation, which amount the parties expect will be \$84,846; and (b) upon Substantial Completion, the sum of \$465,254 per year, which sum is equal to the estimated Annual Service Charge.

Following Substantial Completion, the Minimum Annual Service Charge set forth in subsection (b) shall be paid in each year in which the Annual Service Charge, calculated pursuant to N.J.S.A. 40A:20-12 or this Agreement, would be less than the Minimum Annual Service Charge set forth in subsection (b).

xvi. Net Profit - The Annual Gross Revenues of the Entity less all annual operating and non-operating expenses of the Entity, all determined in accordance with generally accepted accounting principles, but:

(1) there shall be included in expenses: (a) all Annual Service charges paid pursuant to N.J.S.A. 40A:20-12; (b) all annual payments to the City of annual excess profits pursuant to N.J.S.A. 40A:20-15 or N.J.S.A. 40A:20-16; (c) an annual amount sufficient to amortize (utilizing the straight line method-equal annual amounts) the Total Project Cost and all capital costs determined in accordance with generally accepted accounting principles, of any other entity whose revenue is included in the computation of excess profits over the term of this agreement; (d) all reasonable annual operating expenses of the Entity and any other entity whose revenue is included in the computation of excess profits including the cost of all management fees, brokerage commissions, insurance premiums, all taxes or service charges paid, legal, accounting, or other professional service fees, utilities, building maintenance costs, building and office supplies and payments into repair or maintenance reserve accounts; (e) all payments of rent including but not limited to ground rent by the Entity; (f) all debt service; and

(2) there shall not be included in expenses either depreciation or obsolescence, interest on debt, except interest which is part of debt service, income taxes or salaries, bonuses or other compensation paid, directly or indirectly to directors, officers and stockholders of the entity, or officers, partners or other persons holding a proprietary ownership interest in the entity.

xvii. Pronouns - He or it shall mean the masculine, feminine or neuter gender, the singular, as well as the plural, as context requires.

xviii. Substantial Completion - The determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the first date on which the Project receives, or is eligible to receive, any Certificate of Occupancy, whether temporary or permanent, for any portion of the Project.

xix. Termination - Any act or omission which by operation of the terms of this Financial Agreement shall cause the Entity to relinquish its tax exemption.

xx. Total Project Cost - The total cost of constructing the Project through the date a Certificate(s) of Occupancy is issued for the entire Project, which categories of cost are set forth in N.J.S.A. 40A:20-3(h). There shall be excluded from Total Project Cost the actual costs

incurred by the Entity and certified by an independent and qualified architect or engineer, which are associated with site remediation and cleanup of environmentally hazardous materials or contaminants in accordance with State or Federal law and any other extraordinary costs incurred including the cost of demolishing structures, relocation or removal of public utilities, cost of relocating displaced residents or buildings and the clearing of title.

ARTICLE II - APPROVAL

Section 2.1 Approval of Tax Exemption

The City hereby grants its approval for a tax exemption for all the Improvements to be constructed and maintained in accordance with the terms and conditions of this Agreement and the provisions of the Law which Improvements shall be constructed on certain property known on the Official Tax Assessor's Map of the City as: Block 21902.04, Lot 4, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, which will be known by the street address of 23 University Place Boulevard, Jersey City, and described by metes and bounds in Exhibit 1 attached hereto.

Section 2.2 Approval of Entity

Approval is granted to the Entity whose Certificate of Formation is attached hereto as Exhibit 4. Entity represents that its Certificate contains all the requisite provisions of the Law; has been reviewed and approved by the Commissioner of the Department of Community Affairs; and has been filed with, as appropriate, the Office of the State Treasurer or Office of the Hudson County Clerk, all in accordance with N.J.S.A. 40A:20-5.

Section 2.3 Improvements to be Constructed

Entity represents that it will construct a mixed-use, five (5) story mixed-use market rate rental Project with approximately one hundred and sixty-three (163) units; 10,048 square feet of commercial/retail space; and approximately one hundred seventy-seven (177) parking spaces for retail and residential tenants; all of which is specifically described in the Application dated May 18, 2016 attached hereto as Exhibit 3.

Section 2.4 Construction Schedule

The Entity agrees to diligently undertake to commence construction and complete the Project in accordance with the Estimated Construction Schedule, attached hereto as Exhibit 5, and in compliance with any Redevelopment Agreement.

Section 2.5 Ownership, Management and Control

The Entity represents that it is the Ground Lessee under a Ground Lease of the property upon which the Project is to be constructed. Upon construction, the Entity represents that the Improvements will be used, managed and controlled for the purposes set forth in this Agreement and any Redevelopment Agreement.

Section 2.6 Financial Plan

The Entity represents that the Improvements shall be financed in accordance with the Financial Plan attached hereto as Exhibit 6. The Plan sets forth a good faith estimate of Total Project Cost, the amortization rate on the Total Project Cost, the source of funds, the interest rates to be paid on construction financing, the source and amount of paid-in capital, and the terms of any mortgage amortization.

Section 2.7 Good Faith Estimate of Initial Rents

The Entity represents that its good faith projections of the initial rents and other revenue to the Project are set forth in Exhibit 7.

ARTICLE III - DURATION OF AGREEMENT

Section 3.1 Term

So long as there is compliance with the Law and this Agreement, it is understood and agreed by the parties hereto that this Agreement shall remain in effect for the earlier of 35 years from the date of the adoption of Ordinance ____ on _____, 2016, which approved the tax exemption or 30 years from the date of Substantial Completion of the Project, but subject to the commencement date and Substantial Completion mandate of Ordinance 16-____. The tax exemption shall only be effective during the period of usefulness of the Project and shall continue in force only while the Project is owned by a corporation or association formed and operating under the Law.

ARTICLE IV - ANNUAL SERVICE CHARGE

Section 4.1 Annual Service Charge

In consideration of the tax exemption, the Entity shall make the following annual payments to the City for services provided to the Project:

- i. City Service Charge: an amount equal to the greater of: the Minimum Annual

Service Charge or an Annual Service Charge equal to 11% of the Annual Gross Revenue. The Annual Service Charge shall be billed initially based upon the Entity's estimates of Annual Gross Revenue, attached hereto as Exhibit 6. Thereafter, the Annual Service Charge shall be adjusted in accordance with this Agreement.

ii. County Service Charge: an amount equal to 5% of the Municipal Annual Service Charge shall be paid to the City and remitted by the City to the County.

iii. The Minimum Annual Service Charge pursuant to Section 1.2xv(a) shall be due beginning on the effective date of this Agreement. The Minimum Annual Service Charge pursuant to Section 1.2xv(b) shall be due upon Substantial Completion of the Project. The City Service Charge and the County Annual Service Charge shall be due on the first day of the month following the Substantial Completion of the Project. In the event the Entity fails to timely pay the Minimum Annual Service Charge or the Annual Service Charge, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on land until paid.

Section 4.2 Staged Adjustments

The Annual Service Charge shall be adjusted, in Stages over the term of the tax exemption in accordance with N.J.S.A. 40A:20-12(b) as follows:

i. Stage One: From the 1st day of the month following Substantial Completion until the last day of the 9th year, the Annual Service Charge shall be 11% of Annual Gross Revenue;

ii. Stage Two: Beginning on the 1st day of the 10th year following Substantial Completion until the last day of the 13th year, an amount equal to the greater of the Annual Service Charge or 20% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iii. Stage Three: Beginning on the 1st day of the 14th year following the Substantial Completion until the last day of the 17th year, an amount equal to the greater of the Annual Service Charge or 40% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iv. Stage Four: Beginning on the 1st day of the 18th year following Substantial Completion until the last day of the 21st year, an amount equal to the greater of the Annual Service Charge or 60% of the amount of the taxes otherwise due on the assessed value of the

land and Improvements;

v. Final Stage: Beginning on the 1st day of the 22nd year following Substantial Completion through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due on the assessed value of the land and Improvements.

Section 4.3 Land Tax

The Entity is required to pay both the Annual Service Charge, if the Entity is obligated by the Ground Lease to make Land Tax Payments, including any tax on the pre-existing improvements, payment must be timely made in order to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year. The Entity shall be entitled to credit for the amount, without interest, of the Land Tax Payments made in the last four preceding quarterly installments made by it against the Annual Service Charge. In any quarter that the Entity fails to make any Land Tax Payments when due and owing, such delinquency shall render the Entity ineligible for any Land Tax Payment credit against the Annual Service Charge for that quarter. No credit will be applied against the Annual Service Charge for a partial payment of Land Taxes. In addition, the City shall have, among this remedy and any other remedies (including the appointment of a rent receiver), the right to proceed against the urban renewal entity personally pursuant to the Leasehold Taxing Act, N.J.S.A. 54:4-2.3 and/or declare a Default and terminate this Agreement.

Section 4.4 Quarterly Installments / Interest

The Entity expressly agrees that the Annual Service Charge shall be made in quarterly installments on those dates when real estate tax payments are due; subject, nevertheless, to adjustment for over or underpayment within thirty (30) days after the close of each calendar year. In the event that the Entity fails to pay the Annual Service Charge or any other charge due under this agreement, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on the land until paid in full.

Section 4.5 Administrative Fee

The Entity shall also pay an annual Administrative Fee to the City in addition to the Annual Service Charge and Land Tax levy. The Administrative Fee shall be calculated as two

(2%) percent of each prior year's Annual Service Charge. This fee shall be payable and due on or before December 31st of each year, and collected in the same manner as the Annual Service Charge.

Section 4.6 Affordable Housing Contribution and Remedies

A. **Contribution.** The Entity will pay the City the sum of \$244,500 or \$1,500 x 163 units; and \$94,722 or \$1.50 x 63,148 square feet of commercial/retail and parking space, for a total of \$339,222 as a contribution. The sum shall be due and payable as follows:

- i. 1/3 on or before the effective adoption date of the Ordinance approving the tax exemption;
- ii. 1/3 on or before the issuance of the first of any construction permit or commencement of construction, for the Project, but no later than six months after the date of the Financial Agreement; and
- iii. 1/3 on or before the date the first of any Certificate of Occupancy is issued for the Project, but no later than twenty-four (24) months after the date of the Financial Agreement.

Section 4.7 Material Conditions

It is expressly agreed and understood that the timely payments of Land Taxes, Minimum Annual Service Charges, Annual Service Charges, including Annual Net Profits and any adjustments thereto, Administrative Fees, Affordable Housing Contributions, and any interest thereon, are Material Conditions of this Agreement.

ARTICLE V - PROJECT EMPLOYMENT AND CONTRACTING AGREEMENT

Section 5.1 Project Employment and Contracting Agreement

In order to provide City residents and businesses with certain employment and other economic related opportunities, the Entity is subject to the terms and conditions of the Project Employment and Contracting Agreement, attached hereto as Exhibit 8.

Section 5.2 Project Labor Agreement (Projects with construction costs exceeding \$25 million)

The Entity shall execute a Project Labor Agreement as required by Section 304-33 of the Jersey City Municipal Code as it exists or as it may be amended from time to time.

Section 5.3 Living Wage Mandate (Projects with construction costs exceeding \$25 million)

Since construction costs are certified to exceed \$25 million, the Entity shall comply with the Living Wage mandate and the Entity shall immediately require compliance with Section 3-76(c) in all its contracts and leases. This means that janitors and unarmed security guards employed at the Projects, including by any and all tenants or subtenants of the developer, will not be paid less than the standard hourly rate of pay and benefits for their respective classifications. It also means that they will be provided with the paid leave in accordance with the provisions of the Jersey City Municipal Code Section 3-51G(1).

ARTICLE VI - CERTIFICATE OF OCCUPANCY

Section 6.1 Certificate of Occupancy

It is understood and agreed that it shall be the obligation of the Entity to obtain all Certificates of Occupancy in a timely manner so as to complete construction in accordance with the proposed construction schedule attached hereto as Exhibit 5.

Section 6.2 Filing of Certificate of Occupancy

It shall be the primary responsibility of the Entity to forthwith file with both the Tax Assessor and the Tax Collector a copy of each Certificate of Occupancy.

Failure of the Entity to file such issued Certificate of Occupancy as required by the preceding paragraph, shall not militate against any action or non-action, taken by the City, including, if appropriate retroactive billing with interest for any charges determined to be due, in the absence of such filing by the Entity.

Section 6.3 Construction Permits

The estimated cost basis disclosed by the Entity's application and proposed Financial Agreement may, at the option of the City, be used as the basis for the construction cost in the issuance of any construction permit for the Project.

ARTICLE VII - ANNUAL REPORTS

Section 7.1 Accounting System

The Entity agrees to maintain a system of accounting and internal controls established and administered in accordance with generally accepted accounting principles.

Section 7.2 Periodic Reports

A. Auditor's Report: Within ninety (90) days after the close of each fiscal or calendar year, depending on the Entity's accounting basis that the Agreement shall continue in effect, the Entity shall submit to the Mayor and Municipal Council and the NJ Division of Local Government Services in the Department of Community Affairs, its Auditor's Report for the preceding fiscal or calendar year. The Auditor's Report shall include, but not be limited to gross revenue, and the terms and interest rate on any mortgage(s) associated with the purchase or construction of the Project and such details as may relate to the financial affairs of the Entity and to its operation and performance hereunder, pursuant to the Law and this Agreement. The Report shall clearly identify and calculate the Net Profit for the Entity during the previous year, the excess of which shall be paid to the City each year an excess profit is generated.

B. Total Project Cost Audit: Within ninety (90) days after Substantial Completion of the Project, the Entity shall submit to the Mayor, Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, an audit of Total Project Cost, including but not limited to an audit of actual construction costs as certified by the Project architect.

C. Disclosure Statement: On the anniversary date of the execution of this Agreement, and each and every year thereafter while this agreement is in effect, the Entity shall submit to the Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, a Disclosure Statement listing the persons having an ownership interest in the Project, and the extent of the ownership interest of each and such additional information as the City may request from time to time. All disclosures shall include ownership interests of the individual persons owning any corporate interest in the Entity.

Section 7.3 Inspection/Audit

The Entity shall permit the inspection of its property, equipment, buildings and other facilities of the Project and, if deemed appropriate or necessary, any other related Entity by representatives duly authorized by the City or the NJ Division of Local Government Services in the Department of Community Affairs. It shall also permit, upon request, examination and audit of its books, contracts, records, documents and papers. Such examination or audit shall be made

during the reasonable hours of the business day, in the presence of an officer or agent designated by the Entity for any year during which the tax exemption financial agreement was in full force and effect.

All costs incurred by the City to conduct a review of the Entity's audits, including reasonable attorneys' fees if appropriate, shall be billed to the Entity and paid to the City as part of the Entity's Annual Service Charge. Delinquent payments shall accrue interest at the same rate as for a delinquent service charge.

ARTICLE VIII- LIMITATION OF PROFITS AND RESERVES

Section 8.1 Limitation of Profits and Reserves

During the period of tax exemption as provided herein, the Entity shall be subject to a limitation of its profits pursuant to the provisions of N.J.S.A. 40A:20-15.

The Entity shall have the right to establish a reserve against vacancies, unpaid rentals, and reasonable contingencies in an amount equal to five (5%) percent of the Gross Revenue of the Entity for the last full fiscal year preceding the year and may retain such part of the Excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in N.J.S.A. 40A:20-15. The reserve is to be non-cumulative, it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of five (5%) percent of the preceding year's Gross Revenue.

Section 8.2 Annual Payment of Excess Net Profit

In the event the Net Profits of the Entity, in any year, exceeds the Allowable Net Profits for such year, then the Entity, within one hundred and twenty (120) days after the end of the year, shall pay such excess Net Profits to the City as an additional annual service charge; provided, however, that the Entity may maintain a reserve as determined pursuant to aforementioned paragraph 8.1. The calculation of the Entity's Excess Net Profits shall not include those project costs directly attributable to site remediation and cleanup expenses or any other costs excluded in the definition of Total Project Cost in Section 1.2 (xx) of this Agreement.

Section 8.3 Payment of Reserve/ Excess Net Profit Upon Termination, Expiration or Sale

The date of termination, expiration or sale shall be considered to be the close of the fiscal

year of the Entity. Within ninety (90) days after such date, the Entity shall pay to the City the amount of the reserve, if any, maintained by it pursuant to this section and the balance of the Excess Net Profit, if any.

ARTICLE IX - ASSIGNMENT AND/OR ASSUMPTION

Section 9.1 Approval of Sale

Any sale or transfer of the Project without the prior consent approval by Ordinance of the Municipal Council shall cause the tax exemption to automatically terminate without notice, by operation of law. It is understood and agreed that the City, on written application by the Entity, will not unreasonably withhold its consent to a sale of the Project and the transfer of this Agreement provided 1) the new Entity does not own any other Project subject to long term tax exemption at the time of transfer; 2) the new Entity is formed and eligible to operate under the Law; 3) the Entity is not then in default of this Agreement or the Law; 4) the Entity's obligations under this Agreement are fully assumed by the new Entity; 5) the Entity pays in full the maximum transfer fee, 2% of the Annual Service Charge, as permitted by N.J.S.A. 40A:20-10(d); and 6) as to projects that are not Substantially Complete, the Entity is comprised of principals possessing substantially the same or better financial qualifications and credit worthiness as the original Entity.

Nothing herein shall prohibit any transfer of the ownership interest in the Entity itself provided that the transfer, if greater than 10%, is disclosed to the City in the annual disclosure statement or in correspondence sent to the City in advance of the filing of the annual disclosure statement and does not violate the Law.

Section 9.2 Transfer Application Fee

Where the consent or approval of the City is sought for approval of a change in ownership or sale or transfer of the Project, the Entity shall be required to pay to the City a new tax exemption application fee for the legal and administrative services of the City, as it relates to the review, preparation and/or submission of documents to the Municipal Council for appropriate action on the requested assignment. The fee shall be non-refundable.

ARTICLE X - COMPLIANCE

Section 10.1 Operation

During the term of this Agreement, the Project shall be maintained and operated in accordance with the provisions of the Law. Operation of Project under this Agreement shall not only be terminable as provided by N.J.S.A. 40A:20-1, et seq., as amended and supplemented, but also by a Default under this Agreement. The Entity's failure to comply with the Law shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

Section 10.2 Disclosure of Lobbyist Representative

During the term of this Agreement, the Entity must comply with Executive Order 2015-007, and Ordinance 02-075, requiring Written Disclosure of Lobbyist Representative Status. The Entity's failure to comply with the Executive Order or the Ordinance shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

ARTICLE XI - DEFAULT

Section 11.1 Default

Default shall be failure of the Entity to conform with the terms of this Agreement or failure of the Entity to perform any obligation imposed by the Law, beyond any applicable notice, cure or grace period.

Section 11.2 Cure Upon Default

Should the Entity be in Default, the City shall send written notice to the Entity of the Default [Default Notice]. The Default Notice shall set forth with particularity the basis of the alleged Default. The Entity shall have thirty (30) days, from receipt of the Default Notice, to cure any Default which shall be the sole and exclusive remedy available to the Entity. However, if, in the reasonable opinion of the City, the Default cannot be cured within sixty (60) days using reasonable diligence, the City will extend the time to cure.

Subsequent to such thirty (30) days, or any approved extension, the City shall have the right to terminate this Agreement in accordance with Section 12.1.

Should the Entity be in default due to a failure to pay any charges defined as Material Conditions in Section 4.7, or a sale of the Project occurs without the prior consent of the City,

the Entity shall not be subject to the default procedural remedies as provided herein but shall allow the City to proceed immediately to terminate the Agreement as provided in Article XII herein.

Section 11.3 Remedies Upon Default

In order to secure the full and timely payment of the Annual Service Charge, the City reserves the right to perfect and enforce a lien under the Leasehold Taxing Act or appoint a rent receiver or avail itself of any other remedy to protect the City's interests.

In addition, the City may declare a Default and terminate this Agreement. Any default arising out of the Entity's failure to pay Land Taxes, the Minimum Annual Service Charge, Administrative Fees, Affordable Housing Contribution, or the Annual Service Charges shall not be subject to the default procedural remedies as provided herein, but shall allow the City to proceed immediately to terminate the Agreement as provided herein. All of the remedies provided in this Agreement to the City, and all rights and remedies granted to it by law and equity shall be cumulative and concurrent. No termination of any provision of this Agreement shall deprive the City of any of its remedies or actions against the Entity because of its failure to pay Land Taxes, the Minimum Annual Service Charge, Annual Service Charge, Affordable Housing Contribution or Administrative Fees. This right shall apply to arrearages that are due and owing at the time or which, under the terms hereof, would in the future become due as if there had been no termination. Further, the bringing of any action for Land Taxes, the Minimum Annual Service Charge, the Annual Service Charge, Affordable Housing Contribution, Administrative Fees, or for breach of covenant or the resort to any other remedy herein provided for the recovery of Land Taxes shall not be construed as a waiver of the rights to terminate the tax exemption or proceed with a tax sale or any other specified remedy.

In the event of a Default on the part of the Entity to pay any charges set forth in Article IV, the City among its other remedies, reserves the right to proceed against the Entity's property, in the manner provided by the Leasehold Taxing Act, and any act supplementary or amendatory thereof. Whenever the word taxes appear, or is applied, directly or impliedly to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as is pertinent to this Agreement, as if the charges were taxes or municipal liens on land.

ARTICLE XII- TERMINATION

Section 12.1 Termination Upon Default of the Entity

In the event the Entity fails to cure or remedy the Default within the time period provided in Section 11.2, the City may terminate this Agreement upon thirty (30) days written notice to the Entity [Notice of Termination].

Section 12.2 Voluntary Termination by the Entity

The Entity may notify the City that it will relinquish its status as a tax exempt Project, after the expiration of one year from the Substantial Completion of the Project , as of the January 1st of the year next ensuing. The Notice of Voluntary Termination must be received by the City no later than October 1st of the tax year preceding the calendar year in which the termination is to occur. As of the date so set, the tax exemption, the Annual Service Charges and the profit and dividend restrictions shall terminate. However, under no circumstances will the Entity be entitled to any refund, in whole or in part, of any funds paid to the City to obtain the tax exemption, including but not limited to the Affordable Housing Contribution. In addition, the due date for all Affordable Housing Contribution and any other fees that the Entity agreed to pay under this Agreement, shall be accelerated so that all fees to be paid shall be due on January 1st as a condition precedent of the voluntary termination.

Section 12.3 Final Accounting

Within ninety (90) days after the date of termination, whether by affirmative action of the Entity or by virtue of the provisions of the Law or pursuant to the terms of this Agreement, the Entity shall provide a final accounting and pay to the City the reserve, if any, pursuant to the provisions of N.J.S.A. 40A:20-13 and 15 as well as any remaining excess Net Profits. For purposes of rendering a final accounting the termination of the Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 12.4 Conventional Taxes

Upon Termination or expiration of this Agreement, the tax exemption for the Project shall expire and the land and the Improvements thereon shall thereafter be assessed and conventionally taxed according to the general law applicable to other nonexempt taxable property in the City.

ARTICLE XIII - DISPUTE RESOLUTION

Section 13.1 Arbitration

In the event of a breach of the within Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may apply to the Superior Court of New Jersey by an appropriate proceeding, to settle and resolve the dispute in such fashion as will tend to accomplish the purposes of the Law. In the event the Superior Court shall not entertain jurisdiction, then the parties shall submit the dispute to the American Arbitration Association in New Jersey to be determined in accordance with its rules and regulations in such a fashion to accomplish the purpose of the Long Term Tax Exemption Law. The cost for the arbitration shall be borne by the Entity. The parties agree that the Entity may not file an action in Superior Court or with the Arbitration Association unless the Entity has first paid in full all charges defined in Section 4.7 as Material Conditions.

ARTICLE XIV - WAIVER

Section 14.1 Waiver

Nothing contained in this Financial Agreement or otherwise shall constitute a waiver or relinquishment by the City of any rights and remedies, including, without limitation, the right to terminate the Agreement and tax exemption for violation of any of the conditions provided herein. Nothing herein shall be deemed to limit the City's right to audit or recover any amount which the City has under law, in equity, or under any provision of this Agreement.

ARTICLE XV - INDEMNIFICATION

Section 15.1 Defined

It is understood and agreed that in the event the City shall be named as party defendant in any action by a third party alleging any breach, default or a violation of any of the provisions of this Agreement and/or the provisions of N.J.S.A. 40A:20-1 et seq., the Entity shall indemnify and hold the City harmless against any and all liability, loss, cost, expense (including reasonable attorneys' fees and costs), arising out of this Agreement. In addition, the Entity expressly waives all statutory or common law defenses or legal principles which would defeat the purposes of this indemnification. The Entity also agrees to defend the suit at its own expense. However, the City maintains the right to intervene as a party thereto, to which intervention the Entity consents; the

expense thereof to be borne by the City.

ARTICLE XVI- NOTICE

Section 16.1 Certified Mail

Any notice required hereunder to be sent by either party to the other shall be sent by certified or registered mail, return receipt requested.

Section 16.2 Sent by City

When sent by the City to the Entity the notice shall be addressed to:

HC West Campus Urban Renewal I, LLC
Hampshire Companies
22 Maple Avenue
Morristown, New Jersey 07960

And copy to:

Decotiis, Fitzpatrick & Cole LLP
Glenpointe Centre West
500 Frank W. Burr Boulevard.
Teaneck, New Jersey 07666
Attn: Matthew C. Karrenberg, Esq.

unless prior to giving of notice the Entity shall have notified the City in writing otherwise.

In addition, provided the City is sent a formal written notice in accordance with this Agreement, of the name and address of Entity's Mortgagee, the City agrees to provide such Mortgagee with a copy of any notice required to be sent to the Entity.

Section 16.3 Sent by Entity

When sent by the Entity to the City, it shall be addressed to:

City of Jersey City, Office of the City Clerk
City Hall
280 Grove Street
Jersey City, New Jersey 07302,

with copies sent to the Corporation Counsel, the Business Administrator, and the Tax Collector unless prior to the giving of notice, the City shall have notified the Entity otherwise. The notice to the City shall identify the Project to which it relates, (i.e., the Urban Renewal Entity and the Property's Block and Lot number).

ARTICLE XVII-SEVERABILITY

Section 17.1 Severability

If any term, covenant or condition of this Agreement or the Application, except a Material Condition, shall be judicially declared to be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

If a Material Condition shall be judicially declared to be invalid or unenforceable and provided the Entity is not in Default of this Agreement, the parties shall cooperate with each other to take the actions reasonably required to restore the Agreement in a manner contemplated by the parties and the Law. This shall include, but not be limited to the authorization and re-execution of this Agreement in a form reasonably drafted to effectuate the original intent of the parties and the Law. However, the City shall not be required to restore the Agreement if it would modify a Material Condition, the amount of the periodic adjustments or any other term of this Agreement which would result in any economic reduction or loss to the City.

ARTICLE XVIII - MISCELLANEOUS

Section 18.1 Construction

This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey, and without regard to or aid of any presumption or other rule requiring construction against the party drawing or causing this Agreement to be drawn since counsel for both the Entity and the City have combined in their review and approval of same.

Section 18.2 Conflicts

The parties agree that in the event of a conflict between the Application and the language contained in the Agreement, the Agreement shall govern and prevail. In the event of conflict between the Agreement and the Law, the Law shall govern and prevail.

Section 18.3 Oral Representations

There have been no oral representations made by either of the parties hereto which are not contained in this Agreement. This Agreement, the Ordinance authorizing the Agreement,

and the Application constitute the entire Agreement between the parties and there shall be no modifications thereto other than by a written instrument approved and executed by both parties and delivered to each party.

Section 18.4 Entire Document

This Agreement and all conditions in the Ordinance of the Municipal Council approving this Agreement are incorporated in this Agreement and made a part hereof.

Section 18.5 Good Faith

In their dealings with each other, utmost good faith is required from the Entity and the City.

ARTICLE XIX - EXHIBITS

Section 19 Exhibits

The following Exhibits are attached hereto and incorporated herein as if set forth at length herein:

1. Metes and Bounds description of the Project;
2. Ordinance of the City authorizing the execution of this Agreement;
3. The Application with Exhibits;
4. Certificate of the Entity;
5. Estimated Construction Schedule;
6. The Financial Plan for the undertaking of the Project;
7. Good Faith Estimate of Initial Rents Prices;
8. Project Employment and Contracting Agreement;
9. Architect's Certification of Actual Construction Costs.
10. Entity's Lease.

IN WITNESS WHEREOF, the parties have caused these presents to be executed the day and year first above written.

WITNESS:

**HC WEST CAMPUS URBAN
RENEWAL I, LLC**

ATTEST:

CITY OF JERSEY CITY

**ROBERT BYRNE
CITY CLERK**

**ROBERT KAKOLESKI
BUSINESS ADMINISTRATOR**

City Clerk File No. Ord. 16.105

Agenda No. 3-B 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.105

TITLE: ORDINANCE APPROVING A 30 YEAR TAX EXEMPTION FOR A MIXED USE MARKET RATE RENTAL PROJECT TO BE CONSTRUCTED BY HC WEST CAMPUS URBAN RENEWAL II, LLC, AN URBAN RENEWAL ENTITY, PURSUANT TO THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ.

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, HC West Campus Urban Renewal II, LLC, is an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. (Entity); and

WHEREAS, the Entity is the Lessee of certain property under a Ground Lease dated September 25, 2015, designated as Block 21902.02, Lot 4, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, on the City's Official Tax map, consisting of approximately 1.36 acres which will be known by the street address of 26 University Place Boulevard, and more specifically described by metes and bounds, in the application (Property); and

WHEREAS, the Property is located within the NJCU West Campus Redevelopment Plan Area, as required by N.J.S.A. 40A:20-4 and N.J.S.A. 40A:12A-5(g); and

WHEREAS, the Project received site plan approval from the Planning Board on October 20, 2015 to construct a mixed use market rate rental project to consist of a five (5) story building with approximately one hundred and sixty-seven (167) units; 11,472 square feet of commercial/retail space; and approximately one-hundred sixty-seven (167) parking spaces for retail and residential tenants (Project); and

WHEREAS, by application dated March 23, 2016, as revised and finalized on June 1, 2016, the Entity applied for a 30 year Long Term Tax Exemption; and

WHEREAS, HC West Campus Urban Renewal II, LLC, has agreed to:

1. pay the greater of (i) the Minimum Annual Service Charge or (ii) 11% of the Annual Gross Revenue, which sum is initially estimated to be \$551,511; and which shall be subject to statutory staged increases over the term of the tax exemption; and
2. pay an annual sum equal to 2% of each prior year's Annual Service Charge as an Administrative Fee initially estimated at \$11,030; and
3. provide employment and other economic opportunities for City residents and businesses; and
4. pay to the City, for remittance to Hudson County, an additional amount equal to 5% of the Annual Service Charge estimated to be \$27,576; and
5. pay the sum of \$342,858 to the City's Affordable Housing Trust Fund;

6. execute a Project Employment & Contracting Agreement; execute a Project Labor Agreement pursuant to Section 304-33 of the Jersey City Municipal Code, and comply with the Living Wage Ordinance, Section 3-76 of the Jersey City Municipal Code; and

WHEREAS, the City hereby determines that the relative benefits of the project outweigh the cost of the tax exemption, for the following reasons:

1. the City's Tax Assessor estimates that the property will generate a land tax of only \$84,786, whereas, the Annual Service charge as estimated, will generate revenue to the City of at least \$551,511 upon Substantial Completion;
2. the Project will create approximately 125 jobs during construction and 30 new permanent jobs;
3. the Project will stabilize and contribute to the economic growth of businesses in the surrounding area;
4. the Project will further the overall redevelopment objectives of the NJCU West Campus Redevelopment Plan Area;
5. the City's impact analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project will outweigh the costs to the City; and

WHEREAS, the City hereby determines that the tax exemption is important in obtaining development of the project and influencing the locational decisions of probable occupants for the following reasons:

1. the relative stability and predictability of the Annual Service Charge will make the Project more attractive to investors needed to finance the Project;
2. the relative stability and predictability of the Annual Service Charge will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will attract tenants to the Project and insure the likelihood of the success of the Project; and

WHEREAS, HC West Campus Urban Renewal II, LLC, has initially complied with Executive Order 2002-005 concerning "Disclosure of Lobbyist Representative Status" by filing appropriate letters of its lobbyists in the Office of the City Clerk; and

WHEREAS, HC West Campus Urban Renewal II, LLC, has agreed to execute a Project Employment & Contracting Agreement, and a Project Labor Agreement, and also to comply with the requirements of Section 3-76 of the Jersey City Municipal Code concerning required Wage, Benefit and Leave standards for building service workers.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

A. The March 23, 2016, as revised and finalized on June 1, 2016, application of HC West Campus Urban Renewal II, LLC, an urban renewal company, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., a copy of which is on file in the office of the City Clerk, property designated as Block 21902.02, Lot 4, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, on the City's Official Tax map, consisting of approximately 1.36 acres, and which will be known by the street address of 26 University Place Boulevard, more specifically described by metes and bounds in the application, is hereby approved.

B. The Mayor or Business Administrator is hereby authorized to execute a tax exemption Financial Agreement. The Financial Agreement shall include at a minimum the following terms and conditions:

1. Term: the earlier of 35 years from the adoption of the within Ordinance or 30 years from the date the project is Substantially Complete;
2. Annual Service Charge: each year the greater of:
 - (a) the Minimum Annual Service Charge is \$84,786, but will be \$551,511 upon Substantial Completion, whether or not the Project is occupied; or
 - (b) 11% of the Annual Gross Revenue, which initial sum is estimated to be \$551,511, and which shall be subject to statutory increases during the term of the tax exemption.
3. Administrative Fee: 2% of the prior year's Annual Service Charge estimated to be \$11,030;
4. County Payment: 5% of the Annual Service Charge to the City for remittance by the City to Hudson County estimated to be \$27,576;
5. Project: A mixed use market rate rental project to consist of a five (5) story building with approximately one hundred and sixty-seven (167) units; 11,472 square feet of commercial/retail space; and approximately one-hundred sixty-seven (167) parking spaces for retail and residential tenants;
6. Affordable Housing Trust Fund: \$1,500 per unit or \$250,500; and \$1.50 per square foot x 61,572 square feet of commercial/retail and parking space; for a total of \$342,858. Such funds will be accelerated and are non-refundable and may not be transferred in the event of a termination or expiration of the Financial Agreement;
7. Staged Adjustments:
 - (a) Stage One: years 1-9, Annual Service Charge shall be 11% of Annual Gross Revenue;
 - (b) Stage Two: years 10-13, Annual Service Charge or 20% of the amount of the taxes otherwise due;
 - (c) Stage Three: years 14-17, Annual Service Charge or 40% of the amount of the taxes otherwise due;
 - (d) Stage Four: years 18-21, Annual Service Charge or 60% of the amount of the taxes otherwise due;
 - (e) Final Stage: Beginning on the 1st day of the 22nd year through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due.
8. Project Employment & Contracting Agreement: an obligation to execute a Project Employment and Contracting Agreement to insure employment and other economic benefits to City residents and businesses;
9. Project Labor Agreement: an obligation to execute a Project Labor Agreement pursuant to Section 304-37(3) of the Municipal Code.
10. Compliance with the Living Wage Ordinance, Section 3-76 of the Jersey City Municipal Code for any building service workers serving the Project.
11. The Affordable Housing Trust Fund contribution: payments shall be due on execution of the Financial Agreement, but in no event later than 30 days from the date of the adoption of the within ordinance. If the Financial Agreement is not executed for any reason whatsoever, interest shall accrue on such payments as of the 31st day at the highest rate permitted for unpaid real estate taxes.

12. This Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project: 1) commences no later than two (2) years from the date the within ordinance is adopted; and 2) is Substantially Complete no later than five (5) years from the date of adoption of the within Ordinance.

C. The City Clerk shall deliver a certified copy of the Ordinance and Financial Agreement to the Chief Financial Officer of the county and to the County Counsel, for information purposes, within ten (10) calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity.

D. The application is on file with the office of the City Clerk. The Financial Agreement and Project Employment and Contracting Agreement shall be in substantially the form on file in the Office of the City Clerk, subject to such modification as the Business Administrator or Corporation Counsel deems appropriate or necessary.

E. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.

F. This ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.

G. This ordinance shall take effect at the time and in the manner provided by law.

H. The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All material is new; therefore underlining has been omitted.
For purposes of advertising only, new matter is indicated by **bold face**
and repealed matter by *italic*.

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____
Business Administrator

Certification Required ☐
Not Required ☐

ORDINANCE FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any Ordinance that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the Ordinance.

Full Title of Ordinance

An Ordinance to Approve A Thirty Year Tax Exemption for a Market Rate Mixed-Use Rental Project to be constructed by HC West Campus II Urban Renewal, LLC, An Urban Renewal Entity pursuant to the Long term Tax Exemption Law N.J.S.A. 40A:20-1 et. seq. Designated as Block 21902.02 Lot 4 on the City's Tax Map and known as 26 University Place Blvd.

Initiator

Department/Division	Office of the Mayor	Office of the Deputy Mayor
Name/Title	Marcos D. Vigil	Deputy Mayor
Phone/email	201-547-6542	mvigil@icnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Ordinance Purpose

The applicant, HC West Campus Urban Renewal I, LLC, is applying for a thirty (30) year tax abatement under N.J.S.A. 40A:20-1 et seq. It will be new construction of a five (5) story mixed-use, market rate rental project within the NJCU West Campus Redevelopment Plan.

The application fee of \$9,500 was paid. The Fiscal Impact Cost Projection shows positive revenue to cost.

The proposed project will be a five (5) story mixed-use, market rate rental project. The building will contain approximately one hundred and sixty-seven (167) dwelling units, 11,472 square feet of commercial/retail space. There will be one hundred and sixty-seven (167) parking spaces.

I certify that all the facts presented herein are accurate.

Marcos D. Vigil
Deputy Mayor

Date

DRAFT

DATE: May 12, 2016

TO: John Hallanan (For distribution to City Council and City Clerk)

FROM: Al Cameron, Fiscal Officer - Tax Collector's Office

SUBJECT: THIRTY YEAR TAX ABATEMENT: MIXED - USE, MARKET- RATE
RENTAL PROJECT – HC West Campus Urban Renewal II LLC,
Block 21902.02 Lot 4

CC: M. Cosgrove, E. Borja, J. Monahan, E. Toloza, M. Vigil, R. Kakoleski, R. Lavarro, G. Corrado

INTRODUCTION:

The applicant, HC West Campus Urban Renewal II, LLC, is applying for a thirty (30) year tax abatement under N.J.S.A. 40A:20-1 et seq. It will be new construction of a five (5) story mixed-use, market rate rental project within the NJCU West Campus Redevelopment Plan. The application fee of \$9,500 was paid.

LOCATION OF THE PROPERTY:

The applicant entered into a ground lease with New Jersey City University for property located on the West Campus south of Carbon Place between Route 440 and West Side Avenue. The project is referred to as West Campus Block 2. It will be known as 26 University Place Blvd.

PROPERTY TO BE CONSTRUCTED:

The proposed project will be a five (5) story mixed-use, market rate rental project. The building will contain approximately one hundred and sixty-seven (167) dwelling units, 11,472 square feet of commercial/retail space. Individual parking for retail and residential tenants total one hundred and sixty-seven (167) spaces. The residential units are as follows:

<u>Unit Type</u>	<u>Number of units</u>
Studio	44
One Bedroom	86
Two Bedroom	31
Three Bedroom	<u>6</u>
<u>Total</u>	<u>167</u>

ESTIMATED TOTAL PROJECT COST:

The cost of construction estimated at \$42,713,536 is certified by Dean Marchetto,

H C West Campus UR II LLC Sum.docx
6/7/2016 12:18 PM

the applicant's architect. Total Project Cost is projected at \$50,233,787.

CONSTRUCTION SCHEDULE:

The applicant estimates construction will begin in October 2016 with completion within fourteen (14) months.

ESTIMATED JOBS CREATED:

The applicant estimates creation of one hundred fifty (125) jobs during Construction. Post-construction jobs will be approximately thirty (30) permanent positions. The applicant will execute both a Project Employment and Contracting Agreement and a Project Labor Agreement.

AFFORDABLE HOUSING TRUST FUND CONTRIBUTIONS:

HC WEST CAMPUS URBAN RENEWAL LLC AHTF PAYMENT

		Rate	Amount
Residential Units	167	\$1,500.00	\$250,500.00
Square footage			
Parking	50,100	\$1.50	\$75,150.00
Commercial			
space	11,472	\$1.50	\$17,208.00
Total AHTF Payment			<u>\$342,858.00</u>

CURRENT REAL ESTATE TAX:

The property owned by New Jersey City University is currently tax exempt. The new assessment for the land based upon the proposed project of Block 21902.02 Lot 4 is \$1,133,200. The proposed Improvements are assessed at \$9,380,800. At the current tax rate of \$74.82 the estimated annual land tax is \$84,786.

PROPOSED ABATEMENT:

The applicant has requested a term of the lesser of thirty five (35) years from the date of approval of an ordinance approving the abatement or thirty (30) years from substantial completion of the project.

The Applicant proposes an Annual Service Charge of eleven percent (11%) of Annual gross revenue, a two percent (2%) City administrative fee and a five percent (5%) service charge to Hudson County.

STAGED ADJUSTMENTS:

Beginning the first day of year ten (10) through the end of year thirteen (13) it would be the greater of the annual service charge or twenty percent (20%) of conventional taxes otherwise due.

Beginning the first day of year fourteen (14) through the end of year seventeen (17) it would be the greater of the annual service charge or forty percent (40%) of conventional taxes otherwise due.

Beginning the first day of year eighteen (18) through the end of year twenty-one (21) it would be the greater of the annual service charge or sixty percent (60%) of conventional taxes otherwise due.

Beginning in year twenty-two (22) through the end of year thirty (30) it would be the greater of the annual service charge or eighty percent (80%) of conventional taxes otherwise due.

Beginning in year thirty-one (31) the project would pay full conventional tax.

The Tax Assessor's phase-in schedule assesses the Land at \$1,133,200 and the improvements at \$ 9,380,800 for the completed project. The PILOT would be the greater of the Annual Service Charge (ASC) or the result of the staged adjustments.

PROPOSED REVENUE TO THE CITY:

At full occupancy the Good Faith estimated annual revenue is \$5,013,732. The Annual Service charge at the rate of eleven percent (11%) is \$551,511. The City Administrative fee at two percent (2%) would be \$11,030 and the Hudson County fee of five percent (5%) would be \$27,576.

The Fiscal Impact Cost Projection included shows positive revenue to cost.

FISCAL IMPACT COST PROJECTION (MARKET RATE RENTAL UNITS - 30 YEAR)

Block: 21902.02 Lot: 4

Loc: 26 UNIVERSITY PLACE BLVD. (BLOCK 2)

Market Rate Rental Units		Demographic Multipliers (Transit Oriented Development)*		Total		Annual Expenditures		Total Annual Expenditures	
Planned Development	Number of Units	Household	Students	Residents	Students	Per Capita Municipal	Per Pupil Per School District	Municipal	School District
Studio	44	1.000	0.000	44.00	0.00	\$1,181.83	\$3,673.00	\$52,000.47	\$0.00
1 Bedroom	86	1.421	0.050	122.21	4.30	\$1,181.83	\$3,673.00	\$144,426.57	\$15,793.90
2 Bedroom	31	2.012	0.120	62.37	3.72	\$1,181.83	\$3,673.00	\$73,713.03	\$13,663.56
3 Bedroom	6	2.798	0.560	16.79	3.36	\$1,181.83	\$3,673.00	\$19,840.54	\$12,341.28
TOTAL	167			245.37	11.38			\$289,980.61	\$41,798.74
									\$331,779.35

1. Total Municipal Ratables	\$5,997,768,597	4. CY 2015 Budget	\$535,307,187	6. Population of Jersey City (2010 Census)	247,597	9. Increase in Services Incurred Per Development	\$ 331,779.35
2. Residential Ratables	\$3,278,586,056			7. Per Capita Municipal Cost		10. Anticipated Gross PILOT (1st Year)	
Commercial Ratables	\$1,512,274,524					11% AGR	\$ 551,510.52
						2% Admin	\$ 11,030.21
						Less Land Tax (74.82)	\$ (84,786.02)
3. Residential Ratables as a Percentage of Total Ratables	54.66%	5. Residential Portion	\$292,617,271	8. Annual Expenditures Per Student**	\$3,673.00	11. 1st Year Net PILOT	\$ 477,754.71
						12. Implied Surplus (Cost)	\$ 145,975.36

Classic Average costing approach for projecting the impact of population change and local Municipal and School District costs

NEW ASSESSMENT AFTER IMPROVEMENTS

*Source: New Jersey Demographic Multipliers: Profile of the Occupants of Residential and Nonresidential Development; Listokin, November 2006

**Source: 2015-2016 Jersey City Municipal Cost Per Pupil

LAND: 1,133,200
BLDG: 9,380,800

SERVICE CHARGE VS CONVENTIONAL

***ASSUMING 74.82 TAX RATE WITH 2% ANNUAL INCREASE**

NJCU WEST CAMPUS (BLOCK 2)

BLOCK 21902.02

LOT 4

NEW ASSESSMENTS BASED ON TAX ASSESSOR ANALYSIS

LAND	1,133,200	COUNTY	5%	EXISTING ASSESSMENT	1,133,200
BLDG	9,380,800	ADMIN	2%		
TOTAL	10,514,000			PROJECTED SERVICE CHARGE (1ST YEAR)	551,511

YEAR	ASC w/ Phase-In Less Land Tax Credit	ASC w/ 2% Annual Increase	ASC w/ 2% Annual Increase & Phase-In	County	Admin	Estimated Conventional Taxes On NEW Assessment	Staged Adj Rate	Conventional Taxes at 51% (Estimated)	Current Taxes On EXISTING Assessment	Land Tax
1	466,725	551,511	551,511	27,576	11,030	786,657		401,195	84,786	84,786
2	476,059	562,541	562,541	28,127	11,251	802,391		409,219	86,482	86,482
3	485,581	573,792	573,792	28,690	11,476	818,438		417,404	88,211	88,211
4	495,292	585,268	585,268	29,263	11,705	834,807		425,752	89,976	89,976
5	505,198	596,973	596,973	29,849	11,939	851,503		434,267	91,775	91,775
6	515,302	608,913	608,913	30,446	12,178	868,533		442,952	93,611	93,611
7	525,608	621,091	621,091	31,055	12,422	885,904		451,811	95,483	95,483
8	536,120	633,513	633,513	31,676	12,670	903,622		460,847	97,392	97,392
9	546,843	646,183	646,183	32,309	12,924	921,695		470,064	99,340	99,340
10	557,780	659,107	659,107	32,955	13,182	940,129	20%	479,466	101,327	101,327
11	568,935	672,289	672,289	33,614	13,446	958,931	20%	489,055	103,354	103,354
12	580,314	685,735	685,735	34,287	13,715	978,110	20%	498,836	105,421	105,421
13	591,920	699,449	699,449	34,972	13,989	997,672	20%	508,813	107,529	107,529
14	603,759	713,438	713,438	35,672	14,269	1,017,625	40%	518,989	109,680	109,680
15	615,834	727,707	727,707	36,385	14,554	1,037,978	40%	529,369	111,873	111,873
16	628,150	742,261	742,261	37,113	14,845	1,058,737	40%	539,956	114,111	114,111
17	640,713	757,106	757,106	37,855	15,142	1,079,912	40%	550,755	116,393	116,393
18	653,528	772,249	772,249	38,612	15,445	1,101,510	60%	561,770	118,721	118,721
19	666,598	787,694	787,694	39,385	15,754	1,123,541	60%	573,006	121,095	121,095
20	679,930	803,447	803,447	40,172	16,069	1,146,011	60%	584,466	123,517	123,517
21	693,529	819,516	819,516	40,976	16,390	1,168,932	60%	596,155	125,988	125,988
22	825,341	835,907	953,848	47,692	19,077	1,192,310	80%	608,078	128,507	128,507
23	841,848	852,625	972,925	48,646	19,459	1,216,156	80%	620,240	131,077	131,077
24	858,685	869,677	992,384	49,619	19,848	1,240,480	80%	632,645	133,699	133,699
25	875,858	887,071	1,012,231	50,612	20,245	1,265,289	80%	645,297	136,373	136,373
26	893,376	904,812	1,032,476	51,624	20,650	1,290,595	80%	658,203	139,100	139,100
27	911,243	922,908	1,053,126	52,656	21,063	1,316,407	80%	671,368	141,882	141,882
28	929,468	941,367	1,074,188	53,709	21,484	1,342,735	80%	684,795	144,720	144,720
29	948,057	960,194	1,095,672	54,784	21,913	1,369,590	80%	698,491	147,615	147,615
30	967,018	979,398	1,117,585	55,879	22,352	1,396,982	80%	712,461	150,567	150,567

TOTAL	20,084,612	22,373,742	23,524,218	1,176,211	470,484	31,913,183		16,275,723	3,439,606	3,439,606
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ASC phase-in reflects annual 2% increase in conventional taxes AND Gross Rents
 Projected figures subject to rounding discrepancies

TIER 3 - FINANCIAL AGREEMENT (30 YEAR)
Rev. 6/23/16
Long Term Tax Exemption
N.J.S.A. 40A:20-1, et seq.
Residential Rental or Residential Condominium

Re: 26 University Boulevard (to be known as)
Approximately 1.36 Acres
Block 21902.02, Lot 4
NJCU West Campus Redevelopment Plan Area

PREAMBLE

THIS FINANCIAL AGREEMENT, [Agreement] is made the _____ day of __, 2016, by and between **HC WEST CAMPUS URBAN RENEWAL II, LLC**, an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., having its principal office at 22 Maple Avenue, Morristown, NJ 07960, and the **CITY OF JERSEY CITY**, a Municipal Corporation of the State of New Jersey, having its principal office at 280 Grove Street, Jersey City, New Jersey 07302 [City].

RECITALS

WITNESSETH:

WHEREAS, the Entity is the Ground Lessee pursuant to Ground Lease dated September 25, 2015, of certain property designated as Block 21902.02, Lot 4, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, on the City's Official Tax Map, consisting of approximately 1.36 acres, which will be known by the street address of 26 University Place Blvd, Jersey City, and more particularly described by the metes and bounds description set forth as Exhibit 1 to this Agreement; and

WHEREAS, this property is located within the boundaries of the NJCU West Redevelopment Plan Area; and

WHEREAS, the Entity plans to construct a mixed-use, five (5) story mixed-use market rate rental Project with approximately one hundred and sixty-seven (167) units; 11,472 square feet of commercial/retail space; and approximately one-hundred sixty-seven (167) parking spaces for retail and residential tenants; and

WHEREAS, on October 20, 2015 the Project received site plan approval from the

Planning Board; and

WHEREAS, on March 23, 2016, as revised and finalized on June 1, 2016, the Entity filed an Application with the City for a long term tax exemption for the Project; and

WHEREAS, by the adoption of Ordinance _____ on _____, 2016, the Municipal Council approved a long term tax exemption for the Project and authorized the execution of a Financial Agreement; and

WHEREAS, the City made the following findings:

A. Relative Benefits of the Project when compared to the costs:

1. the current real estate tax should generate revenue of approximately \$84,786, whereas, the Annual Service charge as estimated, will generate revenue to the City of at least \$551,511;
2. as required by ordinance 13-088, the Entity shall pay the City the total sum of \$342,858 with \$114,286 on or before the effective date of the ordinance approving the Financial Agreement, and the balance of \$228,572 as an affordable housing contribution as required by the ordinance;
3. it is expected that the Project will create approximately one hundred twenty-five (125) new construction jobs and thirty (30) new permanent full time jobs;
4. the project should stabilize and contribute to the economic growth of existing local business and to the creation of new businesses, which cater to the new occupants;
5. the Project will further the objectives of the NJCU West Campus Redevelopment Plan, and will include the development of vacant property;
6. the City's Impact Analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City; and

B. Assessment of the Importance of the Tax Exemption in obtaining development of the project and influencing the locational decisions of probable occupants:

1. the relative stability and predictability of the annual service charges will make the Project more attractive to investors and lenders needed to finance the Project; and
2. the relative stability and predictability of the service charges will allow the owner to stabilize its operating budget, allowing a high level of

maintenance to the building over the life of the Project, which will attract occupants to the Project, insure the likelihood of stabilized rents to tenants and the success of the Project; and

3. have a positive impact on the surrounding area.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

ARTICLE I - GENERAL PROVISIONS

Section 1.1 Governing Law

This Agreement shall be governed by the provisions of the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., Executive Order of the Mayor 2015-007, Disclosure of Lobbyist Status, Ordinance 02-075, and Ordinance 16-____, which authorized the execution of this Agreement. It being expressly understood and agreed that the City expressly relies upon the facts, data, and representations contained in the Application, attached hereto as Exhibit 3, in granting this tax exemption.

Section 1.2 General Definitions

Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement, the following terms shall have the following meanings:

i. Allowable Net Profit- The amount arrived at by applying on a non-accrual basis, the Allowable Profit Rate to Total Project Cost pursuant to N.J.S.A. 40A:20-3(c) each year of the tax exemption.

ii. Allowable Profit Rate - The greater of 12% or the percentage per annum arrived at by adding 1.25% to the annual interest percentage rate payable on the Entity's initial permanent mortgage financing. If the initial permanent mortgage is insured or guaranteed by a governmental agency, the mortgage insurance premium or similar charge, if payable on a per annum basis, shall be considered as interest for this purpose. If there is no permanent mortgage financing, or if the financing is internal or undertaken by a related party, the Allowable Profit Rate shall be the greater of 12% or the percentage per annum arrived at by adding 1.25% per annum to the interest rate per annum which the municipality determines to be the prevailing rate on mortgage financing on comparable improvements in Hudson County. The provisions of N.J.S.A. 40A:20-3(b) are incorporated herein by reference.

iii. Annual Gross Revenue - Any and all revenue derived from or generated by the Project of whatever kind or amount, whether received as rent from any tenants or income or fees from third parties, including but not limited to fees or income paid or received for parking, or as user fees or for any other services. No deductions will be allowed for operating or maintenance costs, including, but not limited to gas, electric, water and sewer, other utilities, garbage removal and insurance charges, whether paid for by the landlord, tenant or a third party.

iv. Annual Service Charge - The amount the Entity has agreed to pay the City each year for municipal services supplied to the Project, which sum is in lieu of any taxes on the Improvements, pursuant to N.J.S.A. 40A:20-12. It shall include a payment for all annual excess profit.

v. Auditor's Report - A complete annual financial statement outlining the financial status of the Project, which shall also include a certification of Total Project Cost and clear computation of the annual not accrued, Net Profit and annual Excess Profit due to the City, if any. The contents of the Auditor's Report shall have been prepared in conformity with generally accepted accounting principles and shall contain at a minimum the following: a balance sheet, a statement of income, a statement of retained earnings or changes in stockholders' equity, a statement of cash flows, descriptions of accounting policies, notes to financial statements and appropriate schedules and explanatory material results of operations, cash flows and any other items required by Law. The Auditor's Report shall be certified as to its conformance with such principles by a certified public accountant who is licensed to practice that profession in the State of New Jersey.

vi. Certificate of Occupancy - A document, whether temporary or permanent, issued by the City authorizing occupancy of a building, in whole or in part, pursuant to N.J.S.A. 52:27D-133.

vii. Debt Service - The amount required to make annual payments of principal and interest or the equivalent thereof on any construction mortgage, permanent mortgage or other financing including returns on institutional equity financing and market rate related party debt for the Project for a period equal to the term of this Agreement.

viii. Default - Shall be a breach of or the failure of the Entity to perform any obligation imposed upon the Entity by the terms of this Agreement, or under the Law, beyond any

applicable grace or cure periods.

ix. Entity - The term Entity within this Agreement shall mean HC West Campus Urban Renewal, LLC, which Entity is formed and qualified pursuant to N.J.S.A. 40A:20-5. It shall also include any subsequent purchasers or successors in interest of the Project, provided they are formed and operate under the Law.

x. Improvements or Project - Any building, structure or fixture permanently affixed to the land and to be constructed and tax exempted under this Agreement.

xi. In Rem Tax Foreclosure or Tax Foreclosure - A summary proceeding by which the City may enforce a lien for taxes due and owing by tax sale, under N.J.S.A. 54:5-1 to 54:5-129 et seq.

xii. Land Taxes - The amount of taxes assessed on the value of land, on which the project is located and, if applicable, taxes on any pre-existing improvements. Land Taxes are not exempt; however, Land Taxes are applied as a credit against the Annual Service Charge.

xiii. Land Tax Payments - Payments made on the quarterly due dates, including approved grace periods if any, for Land Taxes as determined by the Tax Assessor and the Tax Collector.

xiv. Law - Law shall refer to the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1, et seq.; Executive Order of the Mayor 15-007, relating to long term tax exemption, as it may be supplemented; Ordinance 02-075 requiring Disclosure of Lobbyist Status and Ordinance _____, which authorized the execution of this Agreement and all other relevant Federal, State or City statutes, ordinances, resolutions, rules and regulations.

xv. Minimum Annual Service Charge - The Minimum Annual Service Charge shall be (a) until Substantial Completion the amount of the total taxes levied against all real property in the area covered by the Project in the last full tax year in which the area was subject to taxation, which amount the parties expect will be \$84,786, initially; and (b) upon Substantial Completion, the sum of \$551,511 per year, which sum is equal to the estimated Annual Service Charge.

Following Substantial Completion, the Minimum Annual Service Charge set forth in subsection (b) shall be paid in each year in which the Annual Service Charge, calculated

pursuant to N.J.S.A. 40A:20-12 or this Agreement, would be less than the Minimum Annual Service Charge set forth in subsection (b).

xvi. Net Profit - The Annual Gross Revenues of the Entity less all annual operating and non-operating expenses of the Entity, all determined in accordance with generally accepted accounting principles, but:

(1) there shall be included in expenses: (a) all Annual Service charges paid pursuant to N.J.S.A. 40A:20-12; (b) all annual payments to the City of annual excess profits pursuant to N.J.S.A. 40A:20-15 or N.J.S.A. 40A:20-16; (c) an annual amount sufficient to amortize (utilizing the straight line method-equal annual amounts) the Total Project Cost and all capital costs determined in accordance with generally accepted accounting principles, of any other entity whose revenue is included in the computation of excess profits over the term of this agreement; (d) all reasonable annual operating expenses of the Entity and any other entity whose revenue is included in the computation of excess profits including the cost of all management fees, brokerage commissions, insurance premiums, all taxes or service charges paid, legal, accounting, or other professional service fees, utilities, building maintenance costs, building and office supplies and payments into repair or maintenance reserve accounts; (e) all payments of rent including but not limited to ground rent by the Entity; (f) all debt service; and

(2) there shall not be included in expenses either depreciation or obsolescence, interest on debt, except interest which is part of debt service, income taxes or salaries, bonuses or other compensation paid, directly or indirectly to directors, officers and stockholders of the entity, or officers, partners or other persons holding a proprietary ownership interest in the entity.

xvii. Pronouns - He or it shall mean the masculine, feminine or neuter gender, the singular, as well as the plural, as context requires.

xviii. Substantial Completion - The determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the first date on which the Project receives, or is eligible to receive, any Certificate of Occupancy, whether temporary or permanent, for any portion of the Project.

xix. Termination - Any act or omission which by operation of the terms of this Financial Agreement shall cause the Entity to relinquish its tax exemption.

xx. Total Project Cost - The total cost of constructing the Project through the date a

Certificate(s) of Occupancy is issued for the entire Project, which categories of cost are set forth in N.J.S.A. 40A:20-3(h). There shall be excluded from Total Project Cost the actual costs incurred by the Entity and certified by an independent and qualified architect or engineer, which are associated with site remediation and cleanup of environmentally hazardous materials or contaminants in accordance with State or Federal law and any other extraordinary costs incurred including the cost of demolishing structures, relocation or removal of public utilities, cost of relocating displaced residents or buildings and the clearing of title.

ARTICLE II - APPROVAL

Section 2.1 Approval of Tax Exemption

The City hereby grants its approval for a tax exemption for all the Improvements to be constructed and maintained in accordance with the terms and conditions of this Agreement and the provisions of the Law which Improvements shall be constructed on certain property known on the Official Tax Assessor's Map of the City as: Block 21902.02, Lot 4, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, which will be known by the street address of 26 University Place Blvd, Jersey City, and described by metes and bounds in Exhibit 1 attached hereto.

Section 2.2 Approval of Entity

Approval is granted to the Entity whose Certificate of Formation is attached hereto as Exhibit 4. Entity represents that its Certificate contains all the requisite provisions of the Law; has been reviewed and approved by the Commissioner of the Department of Community Affairs; and has been filed with, as appropriate, the Office of the State Treasurer or Office of the Hudson County Clerk, all in accordance with N.J.S.A. 40A:20-5.

Section 2.3 Improvements to be Constructed

Entity represents that it will construct a mixed-use, five (5) story mixed-use market rate rental Project with approximately one hundred and sixty-seven (167) units; 11,472 square feet of commercial/retail space; and approximately one-hundred sixty-seven (167) parking spaces for retail and residential tenants; all of which is specifically described in the Application dated May 18, 2016, attached hereto as Exhibit 3.

Section 2.4 Construction Schedule

The Entity agrees to diligently undertake to commence construction and complete the

Project in accordance with the Estimated Construction Schedule, attached hereto as Exhibit 5, and in compliance with any Redevelopment Agreement.

Section 2.5 Ownership, Management and Control

The Entity represents that it is the ground lessee under a ground lease of the property upon which the Project is to be constructed. Upon construction, the Entity represents that the Improvements will be used, managed and controlled for the purposes set forth in this Agreement and any Redevelopment Agreement.

Section 2.6 Financial Plan

The Entity represents that the Improvements shall be financed in accordance with the Financial Plan attached hereto as Exhibit 6. The Plan sets forth a good faith estimate of Total Project Cost, the amortization rate on the Total Project Cost, the source of funds, the interest rates to be paid on construction financing, the source and amount of paid-in capital, and the terms of any mortgage amortization.

Section 2.7 Good Faith Estimate of Initial Rents

The Entity represents that its good faith projections of the initial rents and other revenue to the Project are set forth in Exhibit 7.

ARTICLE III - DURATION OF AGREEMENT

Section 3.1 Term

So long as there is compliance with the Law and this Agreement, it is understood and agreed by the parties hereto that this Agreement shall remain in effect for the earlier of 35 years from the date of the adoption of Ordinance _____ on _____, 2016, which approved the tax exemption or 30 years from the date of Substantial Completion of the Project, but subject to the commencement date and Substantial Completion mandate of Ordinance 16-_____. The tax exemption shall only be effective during the period of usefulness of the Project and shall continue in force only while the Project is owned by a corporation or association formed and operating under the Law.

ARTICLE IV - ANNUAL SERVICE CHARGE

Section 4.1 Annual Service Charge

In consideration of the tax exemption, the Entity shall make the following annual payments to the City for services provided to the Project:

i. City Service Charge: an amount equal to the greater of: the Minimum Annual Service Charge or an Annual Service Charge equal to 11% of the Annual Gross Revenue. The Annual Service Charge shall be billed initially based upon the Entity's estimates of Annual Gross Revenue, attached hereto as Exhibit 6. Thereafter, the Annual Service Charge shall be adjusted in accordance with this Agreement.

ii. County Service Charge: an amount equal to 5% of the Municipal Annual Service Charge shall be paid to the City and remitted by the City to the County.

iii. The Minimum Annual Service Charge pursuant to Section 1.2xv(a) shall be due beginning on the effective date of this Agreement. The Minimum Annual Service Charge pursuant to Section 1.2xv(b) shall be due upon Substantial Completion of the Project. The City Service Charge and the County Annual Service Charge shall be due on the first day of the month following the Substantial Completion of the Project. In the event the Entity fails to timely pay the Minimum Annual Service Charge or the Annual Service Charge, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on land until paid.

Section 4.2 Staged Adjustments

The Annual Service Charge shall be adjusted, in Stages over the term of the tax exemption in accordance with N.J.S.A. 40A:20-12(b) as follows:

i. Stage One: From the 1st day of the month following Substantial Completion until the last day of the 9th year, the Annual Service Charge shall be 11% of Annual Gross Revenue;

ii. Stage Two: Beginning on the 1st day of the 10th year following Substantial Completion until the last day of the 13th year, an amount equal to the greater of the Annual Service Charge or 20% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iii. Stage Three: Beginning on the 1st day of the 14th year following the Substantial Completion until the last day of the 17th year, an amount equal to the greater of the Annual Service Charge or 40% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iv. Stage Four: Beginning on the 1st day of the 18th year following Substantial Completion until the last day of the 21st year, an amount equal to the greater of the Annual

Service Charge or 60% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

v. Final Stage: Beginning on the 1st day of the 22nd year following Substantial Completion through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due on the assessed value of the land and Improvements.

Section 4.3 Land Tax

The Entity is required to pay both the Annual Service Charge. If the Entity is obligated by the ground lease to make Land Tax Payments, including any tax on the pre-existing improvements, payment must be timely made in order to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year. The Entity shall be entitled to credit for the amount, without interest, of the Land Tax Payments made in the last four preceding quarterly installments made by it against the Annual Service Charge. In any quarter that the Entity fails to make any Land Tax Payments when due and owing, such delinquency shall render the Entity ineligible for any Land Tax Payment credit against the Annual Service Charge for that quarter. No credit will be applied against the Annual Service Charge for a partial payment of Land Taxes. In addition, the City shall have, among this remedy and any other remedies (including the appointment of a rent receiver), the right to proceed against the urban renewal entity pursuant to the Leasehold Taxing Act, N.J.S.A. 54:4-2.3, et seq. and/or declare a Default and terminate this Agreement.

Section 4.4 Quarterly Installments / Interest

The Entity expressly agrees that the Annual Service Charge shall be made in quarterly installments on those dates when real estate tax payments are due; subject, nevertheless, to adjustment for over or underpayment within thirty (30) days after the close of each calendar year. In the event that the Entity fails to pay the Annual Service Charge or any other charge due under this agreement, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on the land until paid in full.

Section 4.5 Administrative Fee

The Entity shall also pay an annual Administrative Fee to the City in addition to the

Annual Service Charge and Land Tax levy. The Administrative Fee shall be calculated as two (2%) percent of each prior year's Annual Service Charge. This fee shall be payable and due on or before December 31st of each year, and collected in the same manner as the Annual Service Charge.

Section 4.6 Affordable Housing Contribution and Remedies

A. **Contribution.** The Entity will pay the City the sum of \$250,500 or \$1,500 x 167 units; and \$92,358 or \$1.50 x 61,572 square feet of commercial/retail and parking space, for a total of \$342,858 as a contribution. The sum shall be due and payable as follows:

- i. 1/3 on or before the effective adoption date of the Ordinance approving the tax exemption;
- ii. 1/3 on or before the issuance of the first of any construction permit or commencement of construction, for the Project, but no later than six months after the date of the Financial Agreement; and
- iii. 1/3 on or before the date the first of any Certificate of Occupancy is issued for the Project, but no later than twenty-four (24) months after the date of the Financial Agreement.

Section 4.7 Material Conditions

It is expressly agreed and understood that the timely payments of Land Taxes, Minimum Annual Service Charges, Annual Service Charges, including Annual Net Profits and any adjustments thereto, Administrative Fees, Affordable Housing Contributions, and any interest thereon, are Material Conditions of this Agreement.

ARTICLE V - PROJECT EMPLOYMENT AND CONTRACTING AGREEMENT

Section 5.1 Project Employment and Contracting Agreement

In order to provide City residents and businesses with certain employment and other economic related opportunities, the Entity is subject to the terms and conditions of the Project Employment and Contracting Agreement, attached hereto as Exhibit 8.

Section 5.2 Project Labor Agreement (Projects with construction costs exceeding \$25 million)

The Entity shall execute a Project Labor Agreement as required by Section 304-33 of the Jersey City Municipal Code as it exists or as it may be amended from time to time.

Section 5.3 Living Wage Mandate (Projects with construction costs exceeding \$25 million)

Since construction costs are certified to exceed \$25 million, the Entity shall comply with the Living Wage mandate and the Entity shall immediately require compliance with Section 3-76(c) in all its contracts and leases. This means that janitors and unarmed security guards employed at the Projects, including by any and all tenants or subtenants of the developer, will not be paid less than the standard hourly rate of pay and benefits for their respective classifications. It also means that they will be provided with the paid leave in accordance with the provisions of the Jersey City Municipal Code Section 3-51G(1).

ARTICLE VI - CERTIFICATE OF OCCUPANCY

Section 6.1 Certificate of Occupancy

It is understood and agreed that it shall be the obligation of the Entity to obtain all Certificates of Occupancy in a timely manner so as to complete construction in accordance with the proposed construction schedule attached hereto as Exhibit 5.

Section 6.2 Filing of Certificate of Occupancy

It shall be the primary responsibility of the Entity to forthwith file with both the Tax Assessor and the Tax Collector a copy of each Certificate of Occupancy.

Failure of the Entity to file such issued Certificate of Occupancy as required by the preceding paragraph, shall not militate against any action or non-action, taken by the City, including, if appropriate retroactive billing with interest for any charges determined to be due, in the absence of such filing by the Entity.

Section 6.3 Construction Permits

The estimated cost basis disclosed by the Entity's application and proposed Financial Agreement may, at the option of the City, be used as the basis for the construction cost in the issuance of any construction permit for the Project.

ARTICLE VII - ANNUAL REPORTS

Section 7.1 Accounting System

The Entity agrees to maintain a system of accounting and internal controls established and administered in accordance with generally accepted accounting principles.

Section 7.2 Periodic Reports

A. Auditor's Report: Within ninety (90) days after the close of each fiscal or calendar year, depending on the Entity's accounting basis that the Agreement shall continue in effect, the Entity shall submit to the Mayor and Municipal Council and the NJ Division of Local Government Services in the Department of Community Affairs, its Auditor's Report for the preceding fiscal or calendar year. The Auditor's Report shall include, but not be limited to gross revenue, and the terms and interest rate on any mortgage(s) associated with the purchase or construction of the Project and such details as may relate to the financial affairs of the Entity and to its operation and performance hereunder, pursuant to the Law and this Agreement. The Report shall clearly identify and calculate the Net Profit for the Entity during the previous year, the excess of which shall be paid to the City each year an excess profit is generated.

B. Total Project Cost Audit: Within ninety (90) days after Substantial Completion of the Project, the Entity shall submit to the Mayor, Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, an audit of Total Project Cost, including but not limited to an audit of actual construction costs as certified by the Project architect.

C. Disclosure Statement: On the anniversary date of the execution of this Agreement, and each and every year thereafter while this agreement is in effect, the Entity shall submit to the Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, a Disclosure Statement listing the persons having an ownership interest in the Project, and the extent of the ownership interest of each and such additional information as the City may request from time to time. All disclosures shall include ownership interests of the individual persons owning any corporate interest in the Entity.

Section 7.3 Inspection/Audit

The Entity shall permit the inspection of its property, equipment, buildings and other

facilities of the Project and, if deemed appropriate or necessary, any other related Entity by representatives duly authorized by the City or the NJ Division of Local Government Services in the Department of Community Affairs. It shall also permit, upon request, examination and audit of its books, contracts, records, documents and papers. Such examination or audit shall be made during the reasonable hours of the business day, in the presence of an officer or agent designated by the Entity for any year during which the tax exemption financial agreement was in full force and effect.

All costs incurred by the City to conduct a review of the Entity's audits, including reasonable attorneys' fees if appropriate, shall be billed to the Entity and paid to the City as part of the Entity's Annual Service Charge. Delinquent payments shall accrue interest at the same rate as for a delinquent service charge.

ARTICLE VIII- LIMITATION OF PROFITS AND RESERVES

Section 8.1 Limitation of Profits and Reserves

During the period of tax exemption as provided herein, the Entity shall be subject to a limitation of its profits pursuant to the provisions of N.J.S.A. 40A:20-15.

The Entity shall have the right to establish a reserve against vacancies, unpaid rentals, and reasonable contingencies in an amount equal to five (5%) percent of the Gross Revenue of the Entity for the last full fiscal year preceding the year and may retain such part of the Excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in N.J.S.A. 40A:20-15. The reserve is to be non-cumulative, it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of five (5%) percent of the preceding year's Gross Revenue.

Section 8.2 Annual Payment of Excess Net Profit

In the event the Net Profits of the Entity, in any year, exceeds the Allowable Net Profits for such year, then the Entity, within one hundred and twenty (120) days after the end of the year, shall pay such excess Net Profits to the City as an additional annual service charge; provided, however, that the Entity may maintain a reserve as determined pursuant to aforementioned paragraph 8.1. The calculation of the Entity's Excess Net Profits shall not include those project costs directly attributable to site remediation and cleanup expenses or any

other costs excluded in the definition of Total Project Cost in Section 1.2 (xx) of this Agreement.

Section 8.3 Payment of Reserve/ Excess Net Profit Upon Termination, Expiration or Sale

The date of termination, expiration or sale shall be considered to be the close of the fiscal year of the Entity. Within ninety (90) days after such date, the Entity shall pay to the City the amount of the reserve, if any, maintained by it pursuant to this section and the balance of the Excess Net Profit, if any.

ARTICLE IX - ASSIGNMENT AND/OR ASSUMPTION

Section 9.1 Approval of Sale

Any sale or transfer of the Project, without the prior consent approval by Ordinance of the Municipal Council, shall cause the tax exemption to automatically terminate without notice, by operation of law. It is understood and agreed that the City, on written application by the Entity, will not unreasonably withhold its consent to a sale of the Project and the transfer of this Agreement provided 1) the new Entity does not own any other Project subject to long term tax exemption at the time of transfer; 2) the new Entity is formed and eligible to operate under the Law; 3) the Entity is not then in default of this Agreement or the Law; 4) the Entity's obligations under this Agreement are fully assumed by the new Entity; 5) the Entity pays in full the maximum transfer fee, 2% of the Annual Service Charge, as permitted by N.J.S.A. 40A:20-10(d); and 6) as to projects that are not Substantially Complete, the Entity is comprised of principals possessing substantially the same or better financial qualifications and credit worthiness as the original Entity.

Nothing herein shall prohibit any transfer of the ownership interest in the Entity itself provided that the transfer, if greater than 10%, is disclosed to the City in the annual disclosure statement or in correspondence sent to the City in advance of the filing of the annual disclosure statement and does not violate the Law.

Section 9.2 Transfer Application Fee

Where the consent or approval of the City is sought for approval of a change in ownership or sale or transfer of the Project, the Entity shall be required to pay to the City a new tax exemption application fee for the legal and administrative services of the City, as it relates to

the review, preparation and/or submission of documents to the Municipal Council for appropriate action on the requested assignment. The fee shall be non-refundable.

ARTICLE X - COMPLIANCE

Section 10.1 Operation

During the term of this Agreement, the Project shall be maintained and operated in accordance with the provisions of the Law. Operation of Project under this Agreement shall not only be terminable as provided by N.J.S.A. 40A:20-1, et seq., as amended and supplemented, but also by a Default under this Agreement. The Entity's failure to comply with the Law shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

Section 10.2 Disclosure of Lobbyist Representative

During the term of this Agreement, the Entity must comply with Executive Order 2015-007, and Ordinance 02-075, requiring Written Disclosure of Lobbyist Representative Status. The Entity's failure to comply with the Executive Order or the Ordinance shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

ARTICLE XI - DEFAULT

Section 11.1 Default

Default shall be failure of the Entity to conform with the terms of this Agreement or failure of the Entity to perform any obligation imposed by the Law, beyond any applicable notice, cure or grace period.

Section 11.2 Cure Upon Default

Should the Entity be in Default, the City shall send written notice to the Entity of the Default [Default Notice]. The Default Notice shall set forth with particularity the basis of the alleged Default. The Entity shall have thirty (30) days, from receipt of the Default Notice, to cure any Default which shall be the sole and exclusive remedy available to the Entity. However, if, in the reasonable opinion of the City, the Default cannot be cured within sixty (60) days using reasonable diligence, the City will extend the time to cure.

Subsequent to such thirty (30) days, or any approved extension, the City shall have the

right to terminate this Agreement in accordance with Section 12.1.

Should the Entity be in default due to a failure to pay any charges defined as Material Conditions in Section 4.7, or a sale of the Project occurs without the prior consent of the City, the Entity shall not be subject to the default procedural remedies as provided herein but shall allow the City to proceed immediately to terminate the Agreement as provided in Article XII herein.

Section 11.3 Remedies Upon Default

In order to secure the full and timely payment of the Annual Service Charge, the City reserves the right to perfect and enforce a lien under the Leasehold Taxing Act or appoint a rent receiver or avail itself of any other remedy to protect the City's interests.

In addition, the City may declare a Default and terminate this Agreement. Any default arising out of the Entity's failure to pay Land Taxes, the Minimum Annual Service Charge, Administrative Fees, Affordable Housing Contribution, or the Annual Service Charges shall not be subject to the default procedural remedies as provided herein, but shall allow the City to proceed immediately to terminate the Agreement as provided herein. All of the remedies provided in this Agreement to the City, and all rights and remedies granted to it by law and equity shall be cumulative and concurrent. No termination of any provision of this Agreement shall deprive the City of any of its remedies or actions against the Entity because of its failure to pay Land Taxes, the Minimum Annual Service Charge, Annual Service Charge, Affordable Housing Contribution or Administrative Fees. This right shall apply to arrearages that are due and owing at the time or which, under the terms hereof, would in the future become due as if there had been no termination. Further, the bringing of any action for Land Taxes, the Minimum Annual Service Charge, the Annual Service Charge, Affordable Housing Contribution, Administrative Fees, or for breach of covenant or the resort to any other remedy herein provided for the recovery of Land Taxes shall not be construed as a waiver of the rights to terminate the tax exemption or proceed with a tax sale or any other specified remedy.

In the event of a Default on the part of the Entity to pay any charges set forth in Article IV, the City among its other remedies, reserves the right to proceed against the Entity's property, in the manner provided by the Leasehold Taxing Act, and any act supplementary or amendatory

thereof. Whenever the word taxes appear, or is applied, directly or impliedly to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as is pertinent to this Agreement, as if the charges were taxes or municipal liens on land.

ARTICLE XII- TERMINATION

Section 12.1 Termination Upon Default of the Entity

In the event the Entity fails to cure or remedy the Default within the time period provided in Section 11.2, the City may terminate this Agreement upon thirty (30) days written notice to the Entity [Notice of Termination].

Section 12.2 Voluntary Termination by the Entity

The Entity may notify the City that it will relinquish its status as a tax exempt Project, after the expiration of one year from the Substantial Completion of the Project, as of the January 1st of the year next ensuing. The Notice of Voluntary Termination must be received by the City no later than October 1st of the tax year preceding the calendar year in which the termination is to occur. As of the date so set, the tax exemption, the Annual Service Charges and the profit and dividend restrictions shall terminate. However, under no circumstances will the Entity be entitled to any refund, in whole or in part, of any funds paid to the City to obtain the tax exemption, including but not limited to the Affordable Housing Contribution. In addition, the due date for all Affordable Housing Contribution and any other fees that the Entity agreed to pay under this Agreement, shall be accelerated so that all fees to be paid shall be due on January 1st as a condition precedent of the voluntary termination.

Section 12.3 Final Accounting

Within ninety (90) days after the date of termination, whether by affirmative action of the Entity or by virtue of the provisions of the Law or pursuant to the terms of this Agreement, the Entity shall provide a final accounting and pay to the City the reserve, if any, pursuant to the provisions of N.J.S.A. 40A:20-13 and 15 as well as any remaining excess Net Profits. For purposes of rendering a final accounting the termination of the Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 12.4 Conventional Taxes

Upon Termination or expiration of this Agreement, the tax exemption for the Project

shall expire and the land and the Improvements thereon shall thereafter be assessed and conventionally taxed according to the general law applicable to other nonexempt taxable property in the City.

ARTICLE XIII - DISPUTE RESOLUTION

Section 13.1 Arbitration

In the event of a breach of the within Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may apply to the Superior Court of New Jersey by an appropriate proceeding, to settle and resolve the dispute in such fashion as will tend to accomplish the purposes of the Law. In the event the Superior Court shall not entertain jurisdiction, then the parties shall submit the dispute to the American Arbitration Association in New Jersey to be determined in accordance with its rules and regulations in such a fashion to accomplish the purpose of the Long Term Tax Exemption Law. The cost for the arbitration shall be borne by the Entity. The parties agree that the Entity may not file an action in Superior Court or with the Arbitration Association unless the Entity has first paid in full all charges defined in Section 4.7 as Material Conditions.

ARTICLE XIV - WAIVER

Section 14.1 Waiver

Nothing contained in this Financial Agreement or otherwise shall constitute a waiver or relinquishment by the City of any rights and remedies, including, without limitation, the right to terminate the Agreement and tax exemption for violation of any of the conditions provided herein. Nothing herein shall be deemed to limit the City's right to audit or recover any amount which the City has under law, in equity, or under any provision of this Agreement.

ARTICLE XV - INDEMNIFICATION

Section 15.1 Defined

It is understood and agreed that in the event the City shall be named as party defendant in any action by a third party alleging any breach, default or a violation of any of the provisions of this Agreement and/or the provisions of N.J.S.A. 40A:20-1 et seq., the Entity shall indemnify and hold the City harmless against any and all liability, loss, cost, expense (including reasonable attorneys' fees and costs), arising out of this Agreement. In addition, the Entity expressly waives

all statutory or common law defenses or legal principles which would defeat the purposes of this indemnification. The Entity also agrees to defend the suit at its own expense. However, the City maintains the right to intervene as a party thereto, to which intervention the Entity consents; the expense thereof to be borne by the City.

ARTICLE XVI- NOTICE

Section 16.1 Certified Mail

Any notice required hereunder to be sent by either party to the other shall be sent by certified or registered mail, return receipt requested.

Section 16.2 Sent by City

When sent by the City to the Entity the notice shall be addressed to:

HC West Campus Urban Renewal II, LLC
Hampshire Companies
22 Maple Avenue
Morristown, New Jersey 07960

And copy to:

Decotiis, Fitzpatrick & Cole LLP
Glenpointe Centre West
500 Frank W. Burr Blvd.
Teaneck, New Jersey 07666
Attn: Matthew C. Karrenberg, Esq.

unless prior to giving of notice the Entity shall have notified the City in writing otherwise.

In addition, provided the City is sent a formal written notice in accordance with this Agreement, of the name and address of Entity's Mortgagee, the City agrees to provide such Mortgagee with a copy of any notice required to be sent to the Entity.

Section 16.3 Sent by Entity

When sent by the Entity to the City, it shall be addressed to:

City of Jersey City, Office of the City Clerk
City Hall
280 Grove Street
Jersey City, New Jersey 07302,

with copies sent to the Corporation Counsel, the Business Administrator, and the Tax Collector

... unless prior to the giving of notice, the City shall have notified the Entity otherwise. The notice to the City shall identify the Project to which it relates, (i.e., the Urban Renewal Entity and the Property's Block and Lot number).

ARTICLE XVII-SEVERABILITY

Section 17.1 Severability

If any term, covenant or condition of this Agreement or the Application, except a Material Condition, shall be judicially declared to be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

If a Material Condition shall be judicially declared to be invalid or unenforceable and provided the Entity is not in Default of this Agreement, the parties shall cooperate with each other to take the actions reasonably required to restore the Agreement in a manner contemplated by the parties and the Law. This shall include, but not be limited to the authorization and re-execution of this Agreement in a form reasonably drafted to effectuate the original intent of the parties and the Law. However, the City shall not be required to restore the Agreement if it would modify a Material Condition, the amount of the periodic adjustments or any other term of this Agreement which would result in any economic reduction or loss to the City.

ARTICLE XVIII - MISCELLANEOUS

Section 18.1 Construction

This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey, and without regard to or aid of any presumption or other rule requiring construction against the party drawing or causing this Agreement to be drawn since counsel for both the Entity and the City have combined in their review and approval of same.

Section 18.2 Conflicts

The parties agree that in the event of a conflict between the Application and the language contained in the Agreement, the Agreement shall govern and prevail. In the event of conflict between the Agreement and the Law, the Law shall govern and prevail.

Section 18.3 Oral Representations

There have been no oral representations made by either of the parties hereto which are not contained in this Agreement. This Agreement, the Ordinance authorizing the Agreement, and the Application constitute the entire Agreement between the parties and there shall be no modifications thereto other than by a written instrument approved and executed by both parties and delivered to each party.

Section 18.4 Entire Document

This Agreement and all conditions in the Ordinance of the Municipal Council approving this Agreement are incorporated in this Agreement and made a part hereof.

Section 18.5 Good Faith

In their dealings with each other, utmost good faith is required from the Entity and the City.

ARTICLE XIX - EXHIBITS

Section 19 Exhibits

The following Exhibits are attached hereto and incorporated herein as if set forth at length herein:

1. Metes and Bounds description of the Project;
2. Ordinance of the City authorizing the execution of this Agreement;
3. The Application with Exhibits;
4. Certificate of the Entity;
5. Estimated Construction Schedule;
6. The Financial Plan for the undertaking of the Project;
7. Good Faith Estimate of Initial [Rents or Sales Prices];
8. Project Employment and Contracting Agreement;
9. Architect's Certification of Actual Construction Costs.
10. Entity's Lease.

IN WITNESS WHEREOF, the parties have caused these presents to be executed the day and year first above written.

WITNESS:

**HC WEST CAMPUS URBAN
RENEWAL II, LLC**

ATTEST:

CITY OF JERSEY CITY

**ROBERT BYRNE
CITY CLERK**

**ROBERT KAKOLESKI
BUSINESS ADMINISTRATOR**

City Clerk File No. Ord. 16.106

Agenda No. 3.C 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.106

TITLE:

**BOND ORDINANCE OF THE CITY OF JERSEY CITY, IN
THE COUNTY OF HUDSON, NEW JERSEY, PROVIDING AID
TO THE WEST CAMPUS REDEVELOPMENT PROJECT
LOCATED IN IN THE CITY OF JERSEY CITY AND
APPROPRIATING \$16,000,000, THEREFOR, AND
PROVIDING FOR THE ISSUANCE OF \$16,000,000 IN BONDS
OR NOTES OF THE CITY OF JERSEY CITY TO FINANCE
PART OF THE COST THEREOF**

**BE IT ORDAINED BY THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY
CITY, IN THE COUNTY OF HUDSON, NEW JERSEY (not less than two-thirds of all members
thereof affirmatively concurring) AS FOLLOWS:**

Section 1. The improvement or purpose described in Section 3 of this bond ordinance is hereby authorized to be undertaken by the City of Jersey City, in the County of Hudson, New Jersey (the "City") as a general improvement. For improvement or purpose described in Section 3 hereof, there is hereby appropriated the sum of \$16,000,000. No down payment is required pursuant to N.J.S.A. 40A:12A-37(c) as this bond ordinance authorizes obligations for the purpose of aiding a redevelopment entity with respect to a redevelopment project within the City.

Section 2. In order to finance the cost of the improvement or purpose, negotiable bonds are hereby authorized to be issued in the principal amount of \$16,000,000 pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "Redevelopment Law"). In anticipation of the issuance of the bonds, negotiable bond anticipation notes are hereby authorized to be issued pursuant to and within the limitations prescribed by the Redevelopment Law.

Section 3. (a) The improvement hereby authorized and the purpose for which the bonds are to be issued is to aid in the redevelopment of a redevelopment project consisting of (but not limited to) road construction, storm sewer improvements, sanitary sewer improvements, water line construction, various site lighting, improvements to sidewalks, benches and bins, landscaping, electric line excavation, installation of traffic signals, various paving improvements, widening of

Route 440, storm sewer, catch basin and manhole construction, sewer construction, water line construction and construction of a pedestrian plaza and walkway, located within the West Campus Redevelopment Area (the "Redevelopment Area"), as more fully described in the Redevelopment Plan dated February 9, 2005 (as amended and supplemented from time to time, including on February 13, 2008 and January 27, 2010) as enacted by City Ordinance 05-007 (the "Redevelopment Plan"), including all work and materials necessary therefore and incidental thereto.

(b) The estimated maximum amount of bonds or bond anticipation notes to be issued for the improvement or purpose is as stated in Section 2 hereof.

(c) The estimated cost of the improvement or purpose is equal to the amount of the appropriation herein made therefor.

Section 4. All bond anticipation notes issued hereunder shall mature at such times as may be determined by the chief financial officer; provided that no note shall mature later than one year from its date. The notes shall bear interest at such rate or rates and be in such form as may be determined by the chief financial officer. The chief financial officer shall determine all matters in connection with notes issued pursuant to this bond ordinance, and the chief financial officer's signature upon the notes shall be conclusive evidence as to all such determinations. All notes issued hereunder may be renewed from time to time subject to the provisions of the Redevelopment Law. The chief financial officer is hereby authorized to sell part or all of the notes from time to time, at not less than par and accrued interest, at public or private sale and to deliver them to the purchasers thereof upon receipt of payment of the purchase price plus accrued interest from their dates to the date of delivery thereof. The chief financial officer is directed to report in writing to the governing body at the meeting next succeeding the date when any sale or delivery of the notes pursuant to this bond ordinance is made. Such report must include the amount, the description, the interest rate and the maturity schedule of the notes sold, the price obtained and the name of the purchaser.

Section 5. The capital budget or temporary capital budget (as applicable) of the City is hereby amended to conform with the provisions of this bond ordinance to the extent of any inconsistency herewith. In the event of any such inconsistency and amendment, the resolution in the form promulgated by the Local Finance Board showing full detail of the amended capital budget or amended temporary capital budget (as applicable) and capital program as approved by the Director of the Division of Local Government Services is on file with the City Clerk and is available there for public inspection.

Section 6. The following additional matters are hereby determined, declared, recited and stated:

(a) The purpose described in Section 3 of this bond ordinance is not a current expense. It is an improvement the City may lawfully undertake as a general improvement within the Redevelopment Area described in the Redevelopment Plan, and no part of the cost thereof has been or shall be specially assessed on property specially benefitted thereby.

(b) Pursuant to N.J.S.A. 40A:12A-37(c), the obligations authorized herein shall mature in annual installments commencing not more than two and ending not more than forty (40) years from the date of issuance.

(c) The Supplemental Debt Statement required by the Local Bond Law has been duly prepared and filed in the office of the Clerk, and a complete executed duplicate thereof has been filed in the office of the Director of the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey. Such statement shows that the gross debt of the City as defined in the Local Bond Law is increased by the authorization of the bonds and notes provided in this bond ordinance by \$16,000,000, and the obligations authorized herein will be within all debt limitation prescribed by that Law.

(d) An aggregate amount not exceeding \$4,000,000 for items of expense listed in and permitted under N.J.S.A. 40A:2-20 is included in the estimated cost indicated herein for the purpose or improvement.

(e) The obligations of the City authorized by this bond ordinance shall bear interest at a maximum rate of not to exceed nine (9.00%) per centum per annum.

Section 7. Any grant moneys received for the purposes described in Section 3 hereof shall be applied either to direct payment of the cost of the improvement or to payment of the obligations issued pursuant to this bond ordinance. The amount of obligations authorized but not issued hereunder shall be reduced to the extent that such funds are so used.

Section 8. The City hereby declares the intent of the City to issue the bonds or notes in the amount authorized in Section 2 of this bond ordinance and to use proceeds to pay or reimburse expenditures for the costs of the purposes described in Section 3 of this bond ordinance. This Section 8 is a declaration of intent within the meaning and for the purpose of Treasury Regulations Section 1.150-2 or any successor provisions of federal income tax law.

Section 9. The chief financial officer of the City is hereby authorized to prepare and to update from time to time as necessary a financial disclosure document to be distributed in connection with the sale of obligations of the City and to execute such disclosure document on behalf of the City. The chief financial officer is further authorized to enter into the appropriate undertaking to provide secondary market disclosure on behalf of the City pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") for the benefit of the holders and beneficial owners of obligations of the City and to amend such undertaking from time to time in connection with any change in law, or interpretation thereof, provided such undertaking is and continues to be, in the opinion of nationally recognized bond counsel, consistent with the requirements of the Rule. In the event that the City fails to comply with its undertaking, the City shall not be liable for any monetary damages, and the remedy shall be limited to specific performance of the undertaking.

Section 10. The full faith and credit of the City is hereby pledged to the punctual payment of the principal of and the interest on the obligations authorized by this bond ordinance. The obligations shall be direct, unlimited obligations of the City, and the City shall be obligated to levy ad valorem taxes upon all the taxable real property within the City for the payment of the obligations and the interest thereon without limitation of rate or amount.

Section 11. After passage upon first reading of this bond ordinance, the City Clerk is hereby directed to publish the full text of the bond ordinance, together with the notice set forth below entitled: "NOTICE OF PENDING BOND ORDINANCE" (with appropriate completions, insertions and corrections), at least once in a newspaper qualified under N.J.S.A. 40A:2-19, at least seven days prior to the date set for public hearing and further consideration for final passage (which date shall be at least ten days after introduction and first reading). The City Clerk is further directed to comply with all provisions of N.J.S.A. 40A:2-17(b) regarding postings, publications, and the provision of copies of this bond ordinance.

Section 12. After final adoption of this bond ordinance by the Municipal Council, the City Clerk is hereby directed to publish the full text of this bond ordinance, as finally adopted, together with the notice set forth below entitled: "NOTICE OF ADOPTION OF BOND ORDINANCE" (with appropriate completions, insertions and corrections), at least once in a newspaper qualified under N.J.S.A. 40A:2-19.

Section 13. To the extent that any previous ordinance or resolution is inconsistent herewith or contradictory hereto, said ordinance or resolution is hereby repealed or amended to the extent necessary to make it consistent herewith.

Section 14. This bond ordinance shall take effect 20 days after the first publication thereof after final adoption.

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____
Business Administrator

Certification Required ☐

Not Required ☐

ORDINANCE FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any resolution that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance/Resolution

BOND ORDINANCE OF THE CITY OF JERSEY CITY, IN THE COUNTY OF HUDSON, NEW JERSEY, PROVIDING AID TO THE WEST CAMPUS REDEVELOPMENT PROJECT LOCATED IN IN THE CITY OF JERSEY CITY AND APPROPRIATING \$16,000,000, THEREFOR, AND PROVIDING FOR THE ISSUANCE OF \$16,000,000 IN BONDS OR NOTES OF THE CITY OF JERSEY CITY TO FINANCE PART OF THE COST THEREOF

Initiator

Department/Division	Mayor's Office	
Name/Title	Marcos Vigil	Deputy Mayor
Phone/email	201-547-6542	MVigil@jcnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Ordinance Purpose

To authorize the issuance of bonds or notes in an amount not to exceed \$16,000,000.00 to aid in the redevelopment of the West Campus Redevelopment Project.

I certify that all the facts presented herein are accurate.

Signature of Department Director

Date

City Clerk File No. Ord. 16.107

Agenda No. 3.D 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.107

**TITLE: ORDINANCE APPROVING AN AMENDMENT TO THE JOURNAL SQUARE
LOFTS URBAN RENEWAL, LLC, FINANCIAL AGREEMENT DATED MAY 11,
2016, TO CORRECT THE UNIT NUMBER AND PROPERTY ADDRESS**

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, Journal Square Lofts Urban Renewal, LLC, is an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. (Entity); and

WHEREAS, the Entity is the lessee of certain property known as Block 10601, Lot 49, Residential Condominium Number 3, Unit 03, Qualifier C.003, on the City's Official Tax map, and more commonly known by the street address of 2857 Kennedy Boulevard, (the "Property"); and

WHEREAS, by an application dated July 2, 2015, as amended by a letter dated October 9, 2015, and as amended by replacement application dated January 29, 2016, the Entity applied for a 25 year long term tax exemption to rehabilitate Residential Condominium Number 3, Unit 03, which is a portion of a six (6) story building with a one-story extension to contain approximately forty (40) market rate residential rental units (Project); and

WHEREAS, on May 11, 2016 the Municipal Council of the City of Jersey City adopted Ordinance #16-080 granting a 25 year Long Term Tax Exemption to the Project; and

WHEREAS, thereafter the City of Jersey City and the Entity entered into that certain financial agreement dated as of May 11, 2016 (Financial Agreement); and

WHEREAS, subsequent to entering into the Financial Agreement it was discovered by the parties thereto that a subsequent application submitted on March 3, 2016 incorrectly stated the unit number and street address of the Property which was then recited in Ordinance #16-080 which identified the Property as "2853 Residential Condominium Unit, Unit 1, Qualifier C.001"; and

WHEREAS, the parties agree that the correct unit number and street address of the Property is "Residential Condominium Unit, Number 3, Unit 03, Qualifier C.003, 2857 Kennedy Boulevard"; and

WHEREAS, by letter application dated June 15, 2016, the Entity applied to the City of Jersey City to correct the error in the unit number and street address of the Property in the Financial Agreement.

NOW, THEREFORE, BE IT ORDAINED by the Jersey City Municipal Council that:

A. The application of Journal Square Lofts Urban Renewal, LLC, to correct the erroneous unit number and street address recited in Ordinance #16-080 adopted on May 11, 2016, its prior application and the Financial Agreement between the City of Jersey City and Journal Square Lofts Urban Renewal, LLC dated as of May 11, 2016, is hereby granted.

ORDINANCE APPROVING AN AMENDMENT TO THE JOURNAL SQUARE LOFTS URBAN RENEWAL, LLC, FINANCIAL AGREEMENT DATED MAY 11, 2016, TO CORRECT THE UNIT NUMBER AND PROPERTY ADDRESS

B. The Mayor or Business Administrator is hereby authorized to execute a Replacement (correctory) Financial Agreement; all references to 2853 Residential Condominium Unit, Unit 1, Qualifier C.001 shall be deleted and replaced with "Residential Condominium Number 3, Unit 03, Qualifier C.003, 2857 Kennedy Boulevard".

C. Any and all references in Ordinance #16-080 to 2853 Residential Condominium Unit, Unit 1, Qualifier C.001 are hereby deemed deleted and replaced with "Residential Condominium Number 3, Unit 03, Qualifier C.003, 2857 Kennedy Boulevard".

D. This Ordinance is adopted solely to correct the erroneous unit number and address of the Property set forth in Ordinance #16-080 and in the application and Financial Agreement. All other terms, obligations, and conditions of Ordinance #16-080 and the Financial Agreement remain in full force and effect without change or amendment.

E. The City Clerk shall deliver a certified copy of the Ordinance and Replacement Financial Agreement to 1) the City Tax Assessor; 2) the Director of the New Jersey Division of Local Government Services; 3) the Hudson County Chief Financial Officer; and 4) the Hudson County Counsel, within ten (10) calendar days of adoption or execution, whichever occurs later.

F. The City Clerk shall deliver a certified copy of the Ordinance and Financial Agreement to the Tax Assessor and Director of the Division of Local Government Services.

G. The corrected application is on file with the office of the City Clerk. The Financial Agreement and Project Employment and Contracting Agreement shall be in substantially the form on file in the Office of the City Clerk, subject to such modification as the Business Administrator or Corporation Counsel deems appropriate or necessary.

H. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.

I. This ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.

J. This ordinance shall take effect at the time and in the manner provided by law.

K. The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All material is new; therefore underlining has been omitted.
For purposes of advertising only, new matter is indicated by **bold face** and repealed matter by *italic*.

JM/he
6/21/16

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____
Business Administrator

Certification Required ☐

Not Required ☐

ORDINANCE FACT SHEET –

This summary sheet is to be attached to the front of any resolution that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance

**ORDINANCE APPROVING AN AMENDMENT TO THE JOURNAL SQUARE LOFTS
URBAN RENEWAL, LLC, FINANCIAL AGREEMENT DATED MAY 11, 2016, TO
CORRECT THE UNIT NUMBER AND PROPERTY ADDRESS**

Initiator

Department/Division	Mayor's Office	Mayor's Office
Name/Title	Marcos Vigil	Deputy Mayor
Phone/email	(201) 547-6542	vigilm@jcnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Ordinance Purpose

The City of Jersey City and the Entity entered into a financial agreement dated as of May 11, 2016, pursuant to the adoption of Ordinance #16-080 on May 11, 2016, granting the Entity a 25 year Long Term Tax Exemption for the Project.

Subsequent to entering into the Financial Agreement it was discovered by the parties the unit number and street address of the Property were incorrectly recited in Ordinance #16-080, which identified the Property as "2853 Residential Condominium Unit, Unit 1, Qualifier C.001".

Ordinance 16-080 need to be amended to reflect the correct unit number and street address of the Property as "Residential Condominium Unit, Number 3, Unit 03, Qualifier C.003, 2857 Kennedy Boulevard".

I certify that all the facts presented herein are accurate.

Signature of Department Director

Date

TIER 4 - FINANCIAL AGREEMENT (30 YEAR)

Rev. 6/20/16

Long Term Tax Exemption

N.J.S.A. 40A:20-1, et seq.

Re: 2851-2857 Kennedy Boulevard
Approximately .477 Acres
Block 10601, Lot 49, Residential Condominium Unit
Number 3, Unit 03, Qualifier C.003
Journal Square 2060 Redevelopment Plan

PREAMBLE

THIS REPLACEMENT FINANCIAL AGREEMENT, [Agreement] is made as of the 11th day of May, 2016, by and between **JOURNAL SQUARE LOFTS URBAN RENEWAL, LLC**, an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., having its principal office at c/o Hopkins Group, LLC, P.O. Box 18, Jersey City, NJ 07303 [Entity], and the **CITY OF JERSEY CITY**, a Municipal Corporation of the State of New Jersey, having its principal office at 280 Grove Street, Jersey City, New Jersey 07302 [City].

RECITALS

WITNESSETH:

WHEREAS, the Entity is the Lessee pursuant to Lease Agreement dated October 31, 2014, of certain property designated as Block 10601, Lot 49, Residential Condominium Unit Number 3, Unit 03, Qualifier C.003, on property more commonly known by the street address of 2851-2857 Kennedy Boulevard, Jersey City, and more particularly described by the metes and bounds description set forth as Exhibit 1 to this Agreement; and

WHEREAS, this property is located within the boundaries of the Journal Square 2060 Redevelopment Plan Area; and

WHEREAS, the Entity plans to rehabilitate a portion of a six (6) story building with a one-story extension to contain approximately forty (40) market rate residential rental units [Project]; and

WHEREAS, on April 7, 2015, the Project received site plan approval from the Planning Board; and

WHEREAS, on July 2, 2015, as amended by a letter dated October 9, 2015, and as amended by replacement application dated January 29, 2016, the Entity filed an Application with the City for a long term tax exemption for the Project; and

WHEREAS, by the adoption of Ordinance 16-080, on May 11, 2016, the Municipal Council approved a long term tax exemption for the Project and authorized the execution of a Financial Agreement; and

WHEREAS, the City made the following findings:

A. Relative Benefits of the Project when compared to the costs:

1. the current real estate tax generates revenue of only \$37,657, whereas, the Annual Service charge as estimated, will initially generate revenue to the City of at least \$98,222;
2. as required by ordinance 13-088, the Entity shall pay the City the sum of \$20,000 on or before the effective date of the ordinance approving the Financial Agreement, and will pay the balance of \$40,000 as an affordable housing contribution as required by the ordinance;
3. it is expected that the Project will create approximately 40 new construction jobs and 1 new permanent full time jobs;
4. the project should stabilize and contribute to the economic growth of existing local business and to the creation of new businesses, which cater to the new occupants;
5. the Project will further the objectives of the Journal Square 2060 Redevelopment Plan, and will include the [remediation or development of vacant property;
6. the City's Impact Analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City; and

B. Assessment of the Importance of the Tax Exemption in obtaining development of the project and influencing the locational decisions of probable occupants:

1. the relative stability and predictability of the annual service charges will make the Project more attractive to investors and lenders needed to finance the Project; and
2. the relative stability and predictability of the service charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will attract

occupants to the Project, insure the likelihood of stabilized rents to tenants and the success of the Project; and

3. have a positive impact on the surrounding area.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

ARTICLE I - GENERAL PROVISIONS

Section 1.1 Governing Law

This Agreement shall be governed by the provisions of the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., Executive Order of the Mayor 15-007, Disclosure of Lobbyist Status, Ordinance 02-075, Ordinance 16-080, and Ordinance 16-_____, which authorized the execution of this Agreement. It being expressly understood and agreed that the City expressly relies upon the facts, data, and representations contained in the Application, attached hereto as Exhibit 3, in granting this tax exemption.

Section 1.2 General Definitions

Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement, the following terms shall have the following meanings:

- i. Allowable Net Profit- The amount arrived at by applying the Allowable Profit Rate to Total Project Cost pursuant to N.J.S.A. 40A:20-3(c). The total expenditures for rent, either base or additional, allowable in any year is \$175,000, and any amount above that may not be deducted in order to calculate the Allowable Net Profit.
- ii. Allowable Profit Rate - The greater of 12% or the percentage per annum arrived at by adding 1.25% to the annual interest percentage rate payable on the Entity's initial permanent mortgage financing. If the initial permanent mortgage is insured or guaranteed by a governmental agency, the mortgage insurance premium or similar charge, if payable on a per annum basis, shall be considered as interest for this purpose. If there is no permanent mortgage financing, or if the financing is internal or undertaken by a related party, the Allowable Profit Rate shall be the greater of 12% or the percentage per annum arrived at by adding 1.25% per annum to the interest rate per annum which the municipality determines to be the prevailing rate on mortgage financing on comparable improvements in Hudson County. The provisions of N.J.S.A. 40A:20-3(b) are incorporated herein by reference.

iii. Annual Gross Revenue - Any and all revenue derived from or generated by the Project of whatever kind or amount, whether received as rent from any tenants or income or fees from third parties, including but not limited to fees or income paid or received for parking, or as user fees or for any other services. No deductions will be allowed for operating or maintenance costs, including, but not limited to gas, electric, water and sewer, other utilities, garbage removal and insurance charges, whether paid for by the landlord, tenant or a third party.

iv. Annual Service Charge - The amount the Entity has agreed to pay the City each year for municipal services supplied to the Project, which sum is in lieu of any taxes on the Improvements, pursuant to N.J.S.A. 40A:20-12. It shall include a payment for all annual excess profit.

v. Auditor's Report - A complete annual financial statement outlining the financial status of the Project, which shall also include a certification of Total Project Cost and clear computation of the annual Net Profit. The contents of the Auditor's Report shall have been prepared in conformity with generally accepted accounting principles and shall contain at a minimum the following: a balance sheet, a statement of income, a statement of retained earnings or changes in stockholders' equity, a statement of cash flows, descriptions of accounting policies, notes to financial statements and appropriate schedules and explanatory material results of operations, cash flows and any other items required by Law. The Auditor's Report shall be certified as to its conformance with such principles by a certified public accountant who is licensed to practice that profession in the State of New Jersey.

vi. Certificate of Occupancy - A document, whether temporary or permanent, issued by the City authorizing occupancy of a building, in whole or in part, pursuant to N.J.S.A. 52:27D-133.

vii. Debt Service - The amount required to make annual payments of principal and interest or the equivalent thereof on any construction mortgage, permanent mortgage or other financing including returns on institutional equity financing and market rate related party debt for the project for a period equal to the term of this agreement.

viii. Default - Shall be a breach of or the failure of the Entity to perform any obligation imposed upon the Entity by the terms of this Agreement, or under the Law, beyond any applicable grace or cure periods.

ix. Entity - The term Entity within this Agreement shall mean Journal Square Lofts Urban Renewal, LLC, which Entity is formed and qualified pursuant to N.J.S.A. 40A:20-5. It shall also include any subsequent purchasers or successors in interest of the Project, provided they are formed and operate under the Law.

x. Improvements or Project - Any building, structure or fixture permanently affixed to the land and to be constructed and tax exempted under this Agreement.

xi. In Rem Tax Foreclosure or Tax Foreclosure - A summary proceeding by which the City may enforce a lien for taxes due and owing by tax sale, under N.J.S.A. 54:5-1 to 54:5-129 et seq.

xii. Land Taxes - The amount of taxes assessed on the value of land, on which the project is located and, if applicable, taxes on any pre-existing improvements. Land Taxes are not exempt; however, Land Taxes are applied as a credit against the Annual Service Charge.

xiii. Land Tax Payments - Payments made on the quarterly due dates, including approved grace periods if any, for Land Taxes as determined by the Tax Assessor and the Tax Collector.

xiv. Law - Law shall refer to the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1, et seq.; Executive Order of the Mayor 15-007, relating to long term tax exemption, as it may be supplemented; Ordinance 02-075 requiring Disclosure of Lobbyist Status, Ordinance 16-080, and Ordinance 16-_____, which authorized the execution of this Agreement and all other relevant Federal, State or City statutes, ordinances, resolutions, rules and regulations.

xvi. Minimum Annual Service Charge - The Minimum Annual Service Charge shall be (a) until Substantial Completion the amount of the total taxes levied against all real property in the area covered by the Project in the last full tax year in which the area was subject to taxation, which amount the parties agree is \$37,657; and (b) upon Substantial Completion, the sum of \$98,222 per year, which sum is equal to the initial estimated Annual Service Charge.

Following Substantial Completion, the Minimum Annual Service Charge set forth in subsection (b) shall be paid in each year in which the Annual Service Charge, calculated pursuant to N.J.S.A. 40A:20-12 or this Agreement, would be less than the Minimum Annual Service Charge.

xvi. Net Profit - The Annual Gross Revenues of the Entity less all annual operating and non-operating expenses of the Entity, all determined in accordance with generally accepted accounting principles, but:

(1) there shall be included in expenses: (a) all Annual Service charges paid pursuant to N.J.S.A. 40A:20-12; (b) all annual payments to the City of excess profits pursuant to N.J.S.A. 40A:20-15 or N.J.S.A. 40A:20-16; (c) an annual amount sufficient to amortize (utilizing the straight line method-equal annual amounts) the Total Project Cost and all capital costs determined in accordance with generally accepted accounting principles, of any other entity whose revenue is included in the computation of excess profits over the term of this agreement; (d) all reasonable annual operating expenses of the Entity and any other entity whose revenue is included in the computation of excess profits including the cost of all management fees, brokerage commissions, insurance premiums, all taxes or service charges paid, legal, accounting, or other professional service fees, utilities, building maintenance costs, building and office supplies and payments into repair or maintenance reserve accounts; (e) all payments of rent including but not limited to ground rent by the Entity; (f) all debt service; and

(2) there shall not be included in expenses either depreciation or obsolescence, interest on debt, except interest which is part of debt service, income taxes or salaries, bonuses or other compensation paid, directly or indirectly to directors, officers and stockholders of the entity, or officers, partners or other persons holding a proprietary ownership interest in the entity.

xvii. Pronouns - He or it shall mean the masculine, feminine or neuter gender, the singular, as well as the plural, as context requires.

xviii. Substantial Completion - The determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the first date on which the Project receives, or is eligible to receive, any Certificate of Occupancy whether temporary or permanent for any portion of the Project.

xix. Termination - Any act or omission which by operation of the terms of this Financial Agreement shall cause the Entity to relinquish its tax exemption.

xx. Total Project Cost - The total cost of constructing the Project through the date a Certificate(s) of Occupancy is issued for the entire Project, which categories of cost are set forth in N.J.S.A. 40A:20-3(h). There shall be included from Total Project Cost the actual costs

incurred by the Entity and certified by an independent and qualified architect or engineer, which are associated with site remediation and cleanup of environmentally hazardous materials or contaminants in accordance with State or Federal law and any extraordinary costs incurred including the cost of demolishing structures, relocation or removal of public utilities, cost of relocating displaced residents or buildings and the clearing of title. If the Service Charge is a percentage of Total Project Cost, then the Entity agrees that final Total Project Cost shall not be less than its estimated Total Project Cost.

ARTICLE II - APPROVAL

Section 2.1 Approval of Tax Exemption

The City hereby grants its approval for a tax exemption for all the Improvements to be constructed and maintained in accordance with the terms and conditions of this Agreement and the provisions of the Law which Improvements shall be constructed on certain property known on the Official Tax Assessor's Map of the City as: Block 10601, Lot 49, Residential Unit Number 3, Unit 03, Qualifier C.003, on property more commonly known by the street address 2851-2857 Kennedy Boulevard, Jersey City, and described by metes and bounds in Exhibit 1 attached hereto.

Section 2.2 Approval of Entity

Approval is granted to the Entity whose Certificate of Formation is attached hereto as Exhibit 4. Entity represents that its Certificate contains all the requisite provisions of the Law; has been reviewed and approved by the Commissioner of the Department of Community Affairs; and has been filed with, as appropriate, the Office of the State Treasurer or Office of the Hudson County Clerk, all in accordance with N.J.S.A. 40A:20-5.

Section 2.3 Improvements to be Constructed

Entity represents that it will rehabilitate a portion of a six (6) story building with a one-story extension to contain approximately forty (40) market rate residential rental units; all of which is specifically described in the Application attached hereto as Exhibit 3.

Section 2.4 Construction Schedule

The Entity agrees to diligently undertake to commence construction and complete the Project in accordance with the Estimated Construction Schedule, attached hereto as Exhibit 5.

Section 2.5 Ownership, Management and Control

The Entity represents that it is the owner of the property upon which the Project is to be constructed. Upon construction, the Entity represents that the Improvements will be used, managed and controlled for the purposes set forth in this Agreement.

Section 2.6 Financial Plan

The Entity represents that the Improvements shall be financed in accordance with the Financial Plan attached hereto as Exhibit 6. The Plan sets forth a good faith estimate of Total Project Cost, the amortization rate on the Total Project Cost, the source of funds, the interest rates to be paid on construction financing, a lease capitalization rate for the Entity's lease-hold interest, the source and amount of paid-in capital, and the terms of any mortgage amortization.

Section 2.7 Good Faith Estimate of Initial Sale Prices or Rents

The Entity represents that its good faith projections of the initial sale price or rents and other revenue to the Project are set forth in Exhibit 7.

ARTICLE III - DURATION OF AGREEMENT

Section 3.1 Term

So long as there is compliance with the Law and this Agreement, it is understood and agreed by the parties hereto that this Agreement shall remain in effect for the earlier of 28 years from the date of the adoption of Ordinance 16-080, which approved the tax exemption or 25 years from the original date of Substantial Completion of the Project. The tax exemption shall only be effective during the period of usefulness of the Project and shall continue in force only while the Project is owned by a corporation or association formed and operating under the Law.

ARTICLE IV - ANNUAL SERVICE CHARGE

Section 4.1 Annual Service Charge

In consideration of the tax exemption, the Entity shall make the following annual payments to the City for services provided to the Project:

i. Annual Service Charge: an amount equal to the greater of: the Minimum Annual Service Charge or an Annual Service Charge equal to:

- (a) years 1-7: 12% of the Annual Gross Revenue;
- (b) years 8-16: 14% of the Annual Gross Revenue; and
- (c) years 17-25: 16% of the Annual Gross Revenue.

The Annual Service Charge shall be billed initially based upon the Entity's estimates of Annual Gross Revenue, attached hereto as Exhibit 6. Thereafter, the Annual Service Charge shall be adjusted in accordance with this Agreement.

ii. County Service Charge: an amount equal to 5% of the Municipal Annual Service Charge shall be paid to the City and remitted by the City to the County.

iii. The Minimum Annual Service Charge pursuant to Section 1.2xvi(a) shall be due beginning on the effective date of this Agreement. The Minimum Annual Service Charge pursuant to Section 1.2xvi(b) shall be due 12 months following Substantial Completion of the Project. The Annual Service Charge and the County Service Charge shall be due on the first day of the month following the Substantial Completion of the Project. In the event the Entity fails to timely pay the Minimum Annual Service Charge or any Annual Service Charges, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on land until paid.

Section 4.2 Statutory Staged Adjustments

The Annual Service Charge shall be adjusted, in Stages over the term of the tax exemption in accordance with N.J.S.A. 40A:20-12(b) as follows:

i. Stage One: From the 1st day of the month following Substantial Completion until the last day of the 6th year, the Annual Service Charge;

ii. Stage Two: Beginning on the 1st day of the 7th year following Substantial Completion until the last day of the 9th year, an amount equal to the greater of the Annual Service Charge or 20% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iii. Stage Three: Beginning on the 1st day of the 10th year following the Substantial Completion until the last day of the 12th year, an amount equal to the greater of the Annual Service Charge or 40% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iv. Stage Four: Beginning on the 1st day of the 13th year following Substantial Completion until the last day of the 16th year, an amount equal to the greater of the Annual Service Charge or 60% of the amount of the taxes otherwise due on the assessed value of the land and Improvements.

v. Final Stage: Beginning on the 1st day of the 17th year following Substantial Completion through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due on the assessed value of the land and Improvements.

Section 4.3 Land Tax

The Entity is required to pay both the Annual Service Charge and the Land Tax Payments. The Entity is obligated to make timely Land Tax Payments, including any tax on the pre-existing improvements, in order to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year. The Entity shall be entitled to credit for the amount, without interest, of the Land Tax Payments made in the last four preceding quarterly installments against the Annual Service Charge. In any quarter that the Entity fails to make any Land Tax Payments when due and owing, such delinquency shall render the Entity ineligible for any Land Tax Payment credit against the Annual Service Charge. No credit will be applied against the Annual Service Charge for a partial payment of Land Taxes. In addition, the City shall have, among this remedy and other remedies, the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1, et seq. and/or declare a Default and terminate this Agreement.

Section 4.4 Quarterly Installments / Interest

The Entity expressly agrees that the Annual Service Charge shall be made in quarterly installments on those dates when real estate tax payments are due; subject, nevertheless, to adjustment for over or underpayment within thirty (30) days after the close of each calendar year. In the event that the Entity fails to pay the Annual Service Charge or any other charge due under this agreement, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on the land until paid in full.

Section 4.5 Administrative Fee

The Entity shall also pay an annual Administrative Fee to the City in addition to the Annual Service Charge and Land Tax levy. The Administrative Fee shall be calculated as two (2%) percent of each prior year's Annual Service Charge. This fee shall be payable and due on or before December 31st of each year, and collected in the same manner as the Annual Service

Charge.

Section 4.6 Affordable Housing Contribution and Remedies

A. **Contribution.** The Entity will pay the City the sum of \$60,000 or \$1,500 per unit as a contribution. The sum shall be due and payable as follows:

- i. 1/3 on or before the effective date of the Financial Agreement;
- ii. 1/3 on or before the issuance of the first of any construction permit for the Project, but no later than six months after the date of the Financial Agreement; and
- iii. 1/3 on or before the date the first of any Certificate of Occupancy is issued for the Project, but no later than twenty-four (24) months after the date of the Financial Agreement.

Section 4.7 Material Conditions

It is expressly agreed and understood that the timely payments of Land Taxes, Minimum Annual Service Charges, Annual Service Charges, including Annual Net Profits and any adjustments thereto, Administrative Fees, Affordable Housing Contributions, and any interest thereon, are Material Conditions of this Agreement.

ARTICLE V - PROJECT EMPLOYMENT AND CONTRACTING AGREEMENT

Section 5.1 Project Employment and Contracting Agreement

In order to provide City residents and businesses with certain employment and other economic related opportunities, the Entity is subject to the terms and conditions of the Project Employment and Contracting Agreement, attached hereto as Exhibit 8.

ARTICLE VI - CERTIFICATE OF OCCUPANCY

Section 6.1 Certificate of Occupancy

It is understood and agreed that it shall be the obligation of the Entity to obtain all Certificates of Occupancy in a timely manner so as to complete construction in accordance with the proposed construction schedule attached hereto as Exhibit 5. The failure to secure the Certificates of Occupancy shall subject the Property to full taxation for the period between the date of Substantial Completion and the date the Certificate of Occupancy is obtained.

Section 6.2 Filing of Certificate of Occupancy

It shall be the primary responsibility of the Entity to forthwith file with both the Tax Assessor and the Tax Collector a copy of each Certificate of Occupancy.

Failure of the Entity to file such issued Certificate of Occupancy as required by the preceding paragraph, shall not militate against any action or non-action, taken by the City, including, if appropriate retroactive billing with interest for any charges determined to be due, in the absence of such filing by the Entity.

Section 6.3 Construction Permits

The estimated construction cost basis disclosed by the Entity's application and proposed Financial Agreement may, at the option of the City, be used as the basis for the construction cost in the issuance of any construction permit for the Project.

ARTICLE VII - ANNUAL REPORTS

Section 7.1 Accounting System

The Entity agrees to maintain a system of accounting and internal controls established and administered in accordance with generally accepted accounting principles.

Section 7.2 Periodic Reports

A. Auditor's Report: Within ninety (90) days after the close of each fiscal or calendar year, depending on the Entity's accounting basis that the Agreement shall continue in effect, the Entity shall submit to the Mayor and Municipal Council and the NJ Division of Local Government Services in the Department of Community Affairs, its Auditor's Report for the preceding fiscal or calendar year. The Auditor's Report shall include, but not be limited to gross revenue, and the terms and interest rate on any mortgage(s) associated with the purchase or construction of the Project and such details as may relate to the financial affairs of the Entity and to its operation and performance hereunder, pursuant to the Law and this Agreement. The Report shall clearly identify and calculate the Net Profit for the Entity during the previous year, the excess of which shall be paid to the City each year an excess profit is generated.

B. Total Project Cost Audit: Within ninety (90) days after Substantial Completion of the Project, the Entity shall submit to the Mayor, Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, an audit of Total Project Cost, including but not limited to an audit of actual construction costs as certified by the Project

architect.

C. Disclosure Statement: On the anniversary date of the execution of this Agreement, and each and every year thereafter while this agreement is in effect, the Entity shall submit to the Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, a Disclosure Statement listing the persons having an ownership interest in the Project, and the extent of the ownership interest of each and such additional information as the City may request from time to time. All disclosures shall include ownership interests of the individual persons owning any corporate interest in the Entity.

Section 7.3 Inspection/Audit

The Entity shall permit the inspection of its property, equipment, buildings and other facilities of the Project and, if deemed appropriate or necessary, any other related Entity by representatives duly authorized by the City or the NJ Division of Local Government Services in the Department of Community Affairs. It shall also permit, upon request, examination and audit of its books, contracts, records, documents and papers. Such examination or audit shall be made during the reasonable hours of the business day, in the presence of an officer or agent designated by the Entity for any year during which the tax exemption financial agreement was in full force and effect.

All costs incurred by the City to conduct a review of the Entity's audits, including reasonable attorneys' fees if appropriate, shall be billed to the Entity and paid to the City as part of the Entity's Annual Service Charge. Delinquent payments shall accrue interest at the same rate as for a delinquent service charge.

ARTICLE VIII- LIMITATION OF PROFITS AND RESERVES

Section 8.1 Limitation of Profits and Reserves

During the period of tax exemption as provided herein, the Entity shall be subject to a limitation of its profits pursuant to the provisions of N.J.S.A. 40A:20-15.

The Entity shall have the right to establish a reserve against vacancies, unpaid rentals, and reasonable contingencies in an amount equal to five (5%) percent of the Gross Revenue of the Entity for the last full fiscal year preceding the year and may retain such part of the Excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in N.J.S.A.

40A:20-15. The reserve is to be non-cumulative, it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of five (5%) percent of the preceding year's Gross Revenue.

Section 8.2 Annual Payment of Excess Net Profit

In the event the Net Profits of the Entity, in any year, exceeds the Allowable Net Profits for such year, then the Entity, within one hundred and twenty (120) days after the end of the year, shall pay such excess Net Profits to the City as an additional annual service charge; provided, however, that the Entity may maintain a reserve as determined pursuant to aforementioned paragraph 8.1. The calculation of the Entity's Excess Net Profits shall include those project costs directly attributable to site remediation and cleanup expenses and any other costs excluded in the definition of Total Project Cost in Section 1.2 (xx) of this Agreement even though those costs may have been deducted from the project costs for purposes of calculating the annual service charge.

Section 8.3 Payment of Reserve/ Excess Net Profit Upon Termination, Expiration or Sale

The date of termination, expiration or sale shall be considered to be the close of the fiscal year of the Entity. Within ninety (90) days after such date, the Entity shall pay to the City the amount of the reserve, if any, maintained by it pursuant to this section and the balance of the Excess Net Profit, if any.

ARTICLE IX - ASSIGNMENT AND/OR ASSUMPTION

Section 9.1 Approval of Sale

Any sale or transfer of the Project shall be void unless approved in advance by Ordinance of the Municipal Council. It is understood and agreed that the City, on written application by the Entity, will not unreasonably withhold its consent to a sale of the Project and the transfer of this Agreement provided 1) the new Entity does not own any other Project subject to long term tax exemption at the time of transfer; 2) the new Entity is formed and eligible to operate under the Law; 3) the Entity is not then in default of this Agreement or the Law; 4) the Entity's obligations under this Agreement are fully assumed by the new Entity; 5) the Entity pays in full the maximum transfer fee, 2% of the Annual Service Charge, as permitted by N.J.S.A. 40A:20-

10(d); and 6) as to projects that are not Substantially Complete, the Entity is comprised of principals possessing substantially the same or better financial qualifications and credit worthiness as the Entity.

Nothing herein shall prohibit any transfer of the ownership interest in the Entity itself provided that the transfer, if greater than 10%, is disclosed to the City in the annual disclosure statement or in correspondence sent to the City in advance of the filing of the annual disclosure statement.

Section 9.2 Transfer Application Fee

Where the consent or approval of the City is sought for approval of a change in ownership or sale or transfer of the Project, the Entity shall be required to pay to the City a new tax exemption application fee for the legal and administrative services of the City, as it relates to the review, preparation and/or submission of documents to the Municipal Council for appropriate action on the requested assignment. The fee shall be non-refundable.

ARTICLE X - COMPLIANCE

Section 10.1 Operation

During the term of this Agreement, the Project shall be maintained and operated in accordance with the provisions of the Law. Operation of Project under this Agreement shall not only be terminable as provided by N.J.S.A. 40A:20-1, *et seq.*, as amended and supplemented, but also by a Default under this Agreement. The Entity's failure to comply with the Law shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

Section 10.2 Disclosure of Lobbyist Representative

During the term of this Agreement, the Entity must comply with Executive Order 2002-005, and Ordinance 02-075, requiring Written Disclosure of Lobbyist Representative Status. The Entity's failure to comply with the Executive Order or the Ordinance shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

ARTICLE XI - DEFAULT

Section 11.1 Default

Default shall be failure of the Entity to conform with the terms of this Agreement or failure of the Entity to perform any obligation imposed by the Law, beyond any applicable notice, cure or grace period.

Section 11.2 Cure Upon Default

Should the Entity be in Default, the City shall send written notice to the Entity of the Default [Default Notice]. The Default Notice shall set forth with particularity the basis of the alleged Default. The Entity shall have sixty (60) days, from receipt of the Default Notice, to cure any Default which shall be the sole and exclusive remedy available to the Entity. However, if, in the reasonable opinion of the City, the Default cannot be cured within sixty (60) days using reasonable diligence, the City will extend the time to cure.

Subsequent to such sixty (60) days, or any approved extension, the City shall have the right to terminate this Agreement in accordance with Section 12.1.

Should the Entity be in default due to a failure to pay any charges defined as Material Conditions in Section 4.7, or a sale of the Project occurs without the consent of the City, the Entity shall not be subject to the default procedural remedies as provided herein but shall allow the City to proceed immediately to terminate the Agreement as provided in Article XII herein.

Section 11.3 Remedies Upon Default

The City shall, among its other remedies, have the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1, et seq. In order to secure the full and timely payment of the Annual Service Charge, the City on its own behalf, or on behalf of the Trustee, reserves the right to prosecute an In Rem Tax Foreclosure action against the Project Area in accordance with Applicable Law, as more fully set forth in this Financial Agreement.

In addition, the City may declare a Default and terminate this Agreement. Any default arising out of the Entity's failure to pay Land Taxes, the Minimum Annual Service Charge, Administrative Fees, Affordable Housing Contribution, or the Annual Service Charges shall not be subject to the default procedural remedies as provided herein, but shall allow the City to proceed immediately to terminate the Agreement as provided herein. All of the remedies provided in this Agreement to the City, and all rights and remedies granted to it by law and equity shall be cumulative and concurrent. No termination of any provision of this Agreement

shall deprive the City of any of its remedies or actions against the Entity because of its failure to pay Land Taxes, the Minimum Annual Service Charge, Annual Service Charge, Affordable Housing Contribution or Administrative Fees. This right shall apply to arrearages that are due and owing at the time or which, under the terms hereof, would in the future become due as if there had been no termination. Further, the bringing of any action for Land Taxes, the Minimum Annual Service Charge, the Annual Service Charge, Affordable Housing Contribution, Administrative Fees, or for breach of covenant or the resort to any other remedy herein provided for the recovery of Land Taxes shall not be construed as a waiver of the rights to terminate the tax exemption or proceed with a tax sale or Tax Foreclosure action or any other specified remedy.

In the event of a Default on the part of the Entity to pay any charges set forth in Article IV, the City among its other remedies, reserves the right to proceed against the Entity's land and property, in the manner provided by the In Rem Foreclosure Act, and any act supplementary or amendatory thereof. Whenever the word taxes appear, or is applied, directly or impliedly to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as is pertinent to this Agreement, as if the charges were taxes or municipal liens on land.

ARTICLE XII- TERMINATION

Section 12.1 Termination Upon Default of the Entity

In the event the Entity fails to cure or remedy the Default within the time period provided in Section 11.2, the City may terminate this Agreement upon thirty (30) days written notice to the Entity [Notice of Termination].

Section 12.2 Voluntary Termination by the Entity

The Entity may notify the City that it will relinquish its status as a tax exempt Project, after the expiration of one year from the Substantial Completion of the Project, as of the January 1st of the year next ensuing. The Notice of Voluntary Termination must be received by the City no later than October 1st of the tax year preceding the calendar year in which the termination is to occur. As of the date so set, the tax exemption, the Annual Service Charges and the profit and dividend restrictions shall terminate. However, under no circumstances will the Entity be entitled to any refund, in whole or in part, of any funds paid to the City to obtain the tax

exemption, including but not limited to the Affordable Housing Contribution. In addition, the due date for all Affordable Housing Contribution and any other fees that the Entity agreed to pay under this Agreement, shall be accelerated so that all fees to be paid shall be due on January 1st as a condition precedent of the voluntary termination.

Section 12.3 Final Accounting

Within ninety (90) days after the date of termination, whether by affirmative action of the Entity or by virtue of the provisions of the Law or pursuant to the terms of this Agreement, the Entity shall provide a final accounting and pay to the City the reserve, if any, pursuant to the provisions of N.J.S.A. 40A:20-13 and 15 as well as any remaining excess Net Profits. For purposes of rendering a final accounting the termination of the Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 12.4 Conventional Taxes

Upon Termination or expiration of this Agreement, the tax exemption for the Project shall expire and the land and the Improvements thereon shall thereafter be assessed and conventionally taxed according to the general law applicable to other nonexempt taxable property in the City.

ARTICLE XIII - DISPUTE RESOLUTION

Section 13.1 Arbitration

In the event of a breach of the within Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may apply to the Superior Court of New Jersey by an appropriate proceeding, to settle and resolve the dispute in such fashion as will tend to accomplish the purposes of the Law. In the event the Superior Court shall not entertain jurisdiction, then the parties shall submit the dispute to the American Arbitration Association in New Jersey to be determined in accordance with its rules and regulations in such a fashion to accomplish the purpose of the Long Term Tax Exemption Law. The cost for the arbitration shall be borne by the Entity. The parties agree that the Entity may not file an action in Superior Court or with the Arbitration Association unless the Entity has first paid in full all charges defined in Section 4.7 as Material Conditions.

Section 13.2 Appeal of Assessment

In calculating the amount of the Staged Adjustments that is, taxes otherwise due, pursuant to Section 4.2 and N.J.S.A. 40A:20-12, either party may file an appeal of the conventional assessment to determine the value of land and improvements.

ARTICLE XIV - WAIVER

Section 14.1 Waiver

Nothing contained in this Financial Agreement or otherwise shall constitute a waiver or relinquishment by the City of any rights and remedies, including, without limitation, the right to terminate the Agreement and tax exemption for violation of any of the conditions provided herein. Nothing herein shall be deemed to limit the City's right to audit or recover any amount which the City has under law, in equity, or under any provision of this Agreement.

ARTICLE XV - INDEMNIFICATION

Section 15.1 Defined

It is understood and agreed that in the event the City shall be named as party defendant in any action by a third party alleging any breach, default or a violation of any of the provisions of this Agreement and/or the provisions of N.J.S.A. 40A:20-1 et seq., the Entity shall indemnify and hold the City harmless against any and all liability, loss, cost, expense (including reasonable attorneys' fees and costs), arising out of this Agreement. In addition, the Entity expressly waives all statutory or common law defenses or legal principles which would defeat the purposes of this indemnification. The Entity also agrees to defend the suit at its own expense. However, the City maintains the right to intervene as a party thereto, to which intervention the Entity consents; the expense thereof to be borne by the City.

ARTICLE XVI- NOTICE

Section 16.1 Certified Mail

Any notice required hereunder to be sent by either party to the other shall be sent by certified or registered mail, return receipt requested.

Section 16.2 Sent by City

When sent by the City to the Entity the notice shall be addressed to:

Journal Square Lofts Urban Renewal, LLC

c/o Hopkins Group, LLC
P.O. Box 18
Jersey City, NJ 07303
Attn: Matthew Weinreich

And

Connell Foley, LLP
Harborside Financial Center
2510 Plaza Five
Jersey City, NJ 07311
Attn: James C. McCann, Esq.

unless prior to giving of notice the Entity shall have notified the City in writing otherwise.

In addition, provided the City is sent a formal written notice in accordance with this Agreement, of the name and address of Entity's Mortgagee, the City agrees to provide such Mortgagee with a copy of any notice required to be sent to the Entity.

Section 16.3 Sent by Entity

When sent by the Entity to the City, it shall be addressed to:

City of Jersey City, Office of the City Clerk
City Hall
280 Grove Street
Jersey City, New Jersey 07302,

with copies sent to the Corporation Counsel, the Business Administrator, and the Tax Collector unless prior to the giving of notice, the City shall have notified the Entity otherwise. The notice to the City shall identify the Project to which it relates, (i.e., the Urban Renewal Entity and the Property's Block and Lot number).

ARTICLE XVII-SEVERABILITY

Section 17.1 Severability

If any term, covenant or condition of this Agreement or the Application, except a Material Condition, shall be judicially declared to be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

If a Material Condition shall be judicially declared to be invalid or unenforceable and provided the Entity is not in Default of this Agreement, the parties shall cooperate with each other to take the actions reasonably required to restore the Agreement in a manner contemplated by the parties and the Law. This shall include, but not be limited to the authorization and re-execution of this Agreement in a form reasonably drafted to effectuate the original intent of the parties and the Law. However, the City shall not be required to restore the Agreement if it would modify a Material Condition, the amount of the periodic adjustments or any other term of this Agreement which would result in any economic reduction or loss to the City.

ARTICLE XVIII - MISCELLANEOUS

Section 18.1 Construction

This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey, and without regard to or aid of any presumption or other rule requiring construction against the party drawing or causing this Agreement to be drawn since counsel for both the Entity and the City have combined in their review and approval of same.

Section 18.2 Conflicts

The parties agree that in the event of a conflict between the Application and the language contained in the Agreement, the Agreement shall govern and prevail. In the event of conflict between the Agreement and the Law, the Law shall govern and prevail.

Section 18.3 Oral Representations

There have been no oral representations made by either of the parties hereto which are not contained in this Agreement. This Agreement, the Ordinance authorizing the Agreement, and the Application constitute the entire Agreement between the parties and there shall be no modifications thereto other than by a written instrument approved and executed by both parties and delivered to each party.

Section 18.4 Entire Document

This Agreement and all conditions in the Ordinance of the Municipal Council approving this Agreement are incorporated in this Agreement and made a part hereof. This Financial Agreement replaces a Financial Agreement dated May 11, 2016, which incorrectly recited the Unit number of the Property as 2853 Residential Unit – Unit 01, Qualifier C.001. Such Financial

Agreement is null and void, no longer effective and is replaced with this Replacement Financial Agreement containing the correct unit number and address.

Section 18.5 Good Faith

In their dealings with each other, utmost good faith is required from the Entity and the City.

ARTICLE XIX - EXHIBITS

Section 19 Exhibits.

The following Exhibits are attached hereto and incorporated herein as if set forth at length herein:

1. Metes and Bounds description of the Project;
2. Ordinance of the City authorizing the execution of this Agreement;
3. The Application with Exhibits;
4. Certificate of the Entity;
5. Estimated Construction Schedule;
6. The Financial Plan for the undertaking of the Project;
7. Good Faith Estimate of Initial Rents;
8. Project Employment and Contracting Agreement;
9. Architect's Certification of Actual Construction Costs;
10. Entity's Lease.

IN WITNESS WHEREOF, the parties have caused these presents to be executed the day and year first above written.

WITNESS:

JOURNAL SQUARE URBAN RENEWAL, LLC

ATTEST:

CITY OF JERSEY CITY

ROBERT BYRNE
CITY CLERK

ROBERT KAKOLESKI
BUSINESS ADMINISTRATOR



Connell Foley LLP
Harborside Financial Center
2510 Plaza Five
Jersey City, NJ 07311
P 201.521.1000 F 201.521.0100

James C. McCann
Partner
JMccann@connellfoley.com

June 15, 2016

Via Hand Delivery and E-mail: joanne@icnj.org

Joanne Monahan, Esq.
Jersey City Law Department
City Hall
280 Grove Street, 3rd Floor, Room 304
Jersey City, New Jersey 07302

**Re: Application for Ordinance Approving Unit number and Address Correction
for Financial Agreement between Journal Square Lofts Urban Renewal LLC
and City of Jersey City, dated May 11, 2016**

Dear Ms. Monahan:

As you know this firm represents Journal Square Lofts Urban Renewal, LLC in connection with its tax exemption and Financial Agreement for the Journal Square Lofts Project.

On May 11, 2016, the Municipal Council adopted Ordinance #16-080 granting the Project a Long Term Tax Exemption.

On or about June 8, 2016 Journal Square Lofts Urban Renewal and the City of Jersey City entered into a Financial Agreement for the Project dated as of May 11, 2016.

Also, Journal Square Lofts Urban Renewal, LLC paid the first two installments of its Affordable Housing Contribution in the amount of \$40,000.00.

Unfortunately, the unit number and address for the Project recited in Ordinance #16-080 and the Financial Agreement are incorrect. Both documents recite that the Unit is 2853 Residential Condominium Unit, Unit 1, Qualifier C.001, while the correct unit number and address is Residential Condominium Unit Number 3, Unit 03, Qualifier C.003, 2857 Kennedy Boulevard.

This is simply a case the wrong unit number and address being inserted into the Ordinance and the Financial Agreement. The Tax Exemption Application, which is Exhibit 3 of the Financial Agreement and all of the other supporting tax abatement documents reference Unit 3 which is the correct unit number and 2857 which is the correct address. Also, the financial

Roseland

Jersey City

Newark

New York

Cherry Hill

Philadelphia

www.connellfoley.com

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June 15, 2016

Page 2

analysis done by the Tax Abatement Committee was done on the correct unit and correct project. As such, the validity of the tax abatement itself is not in question.

I accept full responsibility for the error in the Ordinance and Financial Agreement as I am responsible for knowing my client's property address and should be able to properly confirm that it is correct prior to the adoption of an Ordinance by the Municipal Council.

The error does create a cloud on the Financial Agreement and Journal Square Lofts Urban Renewal, LLC may not be able to obtain financing for the construction and stabilization of the Project unless the Financial Agreement is corrected.

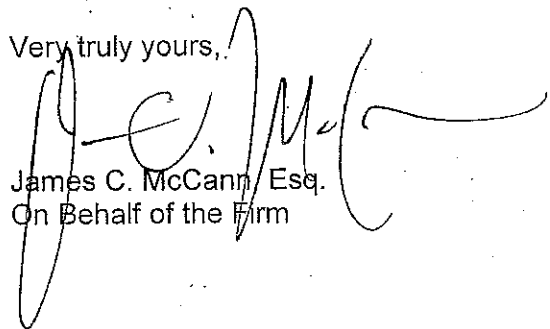
As such, I respectfully request the City Council adopt an Ordinance authorizing an address and unit number correction and a Replacement Financial Agreement with the correct unit number and address.

Please find enclosed a draft Ordinance and a mark-up of those pages of the Financial Agreement which require correction.

Again, my apologies for the inconvenience to the Law Department, the Administration, and the City Council regarding this matter.

It would be greatly appreciated if this Ordinance could be listed on the City Council agenda for the June 29, 2016 City Council meeting.

Very truly yours,



James C. McCann, Esq.
On Behalf of the Firm

JCM/mg
Encs.

cc: Council President Rolando R. Lavarro, Jr. (w/encs. via hand delivery)
Marcos Vigil, Deputy Mayor (w/o encs. via hand delivery)
Jeremy Farrell, Esq., Corporation Counsel (w/encs. via hand delivery)
Journal Square Lofts Urban Renewal, LLC, Attn.: Matt Weinreich (w/encs. via e-mail)

City Clerk File No. Ord. 16.108

Agenda No. 3.E 1st Reading

Agenda No. 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE **16.108**

TITLE:

**ORDINANCE OF THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY ADOPTING AMENDMENTS
TO THE LAND DEVELOPMENT ORDINANCE – CHAPTER 345-31H - HISTORIC DISTRICT CHECKLIST –
TO ADD DIGITAL SUBMISSION REQUIREMENTS.**

WHEREAS, the Municipal Council, pursuant to N.J.S.A. 40:55D-62, may adopt or amend a zoning ordinance; and

WHEREAS, the Municipal Council adopted the Land Development Ordinance, Chapter 345 of the Code of the City of Jersey City, on April 11, 2001, (Ordinance No. 01-042), and several amendments since then; and

WHEREAS, Chapter 345-31H regulates the application checklist for Historic Districts; and

WHEREAS, the Municipal Council, earlier this year, adopted digital submission for checklists used for applications before the Planning Board and Zoning Board of Adjustment; and

WHEREAS, digital submission of development applications will facilitate record keeping and provide greater access to public documents; and

WHEREAS, the Municipal Council, pursuant to N.J.S.A. 40:55D-64, has sought and received the recommendations of the Jersey City Planning Board relative to these issues; and

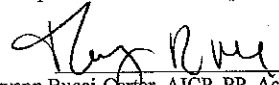
WHEREAS, the Planning Board at its meeting of March 22, 2016 did vote to recommend that the Municipal Council adopt these amendments to Chapter 345-31H of the Land Development Ordinance; and

WHEREAS, the amendments to the Land Development Ordinance are attached hereto and made a part hereof, and are available for public inspection at the Office of the City Clerk, City Hall, 280 Grove Street, Jersey City, NJ;

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that the Land Development Ordinance, be and hereby is amended as per the attached document;

BE IT FURTHER ORDAINED THAT:

- A. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.
- B. This ordinance shall be a part of the Jersey City Code as though codified and set forth fully herein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.
- C. This ordinance shall take effect at the time and in the manner as provided by law.
- D. The City Clerk and the Corporation Council be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible repealers of existing provisions.
- E. The City Planning Division is hereby directed to give notice at least ten days prior to the hearing on the adoption of this Ordinance to the Hudson County Planning board and to all other persons entitled thereto pursuant to N.J.S. 40:55D-15 and N.J.S. 40:55D-63 (if required). Upon the adoption of this Ordinance after public hearing thereon, the City Clerk is directed to publish notice of the passage thereof and to file a copy of the Ordinance as finally adopted with the Hudson County Planning Board as required by N.J.S. 40:55D-16. The clerk shall also forthwith transmit a copy of this Ordinance after final passage to the Municipal Tax Assessor as required by N.J.S. 40:49-2.1.


Maryann Buccic-Carter, AICP, PP, Acting Director
Division of City Planning

APPROVED AS TO LEGAL FORM

APPROVED: 

Corporation Counsel

APPROVED: _____

Business Administrator

Certification Required ☐

Not Required ☐

Amendments to Chapter 345-31.h - Historic District Checklist
As presented to the Planning Board on March 22, 2016

The following text is to be added to the Historic District Checklist. The name is to be amended to read, Jersey City Historic Preservation Commission Checklist For Certificate of Appropriateness.

- Text to be added is bold and highlighted like this.
- Text to be deleted is strikethrough and highlighted like this.

Paper Documentation	Submitted			Waiver Requested	Remarks (Staff Only)
	YES	NO	N/A		
1. Completed application form					
2. Application Fee					
3. Escrow					
4. Completed Escrow Form, if applicable.					
5. 3. Twelve sets of Signed and sealed architectural drawings, if applicable, with colors and materials clearly noted. (13 Sets)					
6. 4. Twelve sets of Appropriate sketches indicating all proposed materials & colors, if architect's drawing are not required. (13 Sets)					
7. 5. All materials & color specifications, including, but not limited to, applicable catalog cuts, detailed drawings or photos, sample paint chips, brick & mortar samples and specifications, window and door specifications (including manufacturer & model) etc. (13 Sets)					
8. 6. Current, detailed color photos of existing façade(s) exposed to public view (13 Sets)					
9. 7. Copy of Tax Assessor's 1938 photo, if not already on file. (13 Sets)					
10. 8. Detailed description of proposed work.					
11. As to any development parcel or part thereof that is now traversed or has been traversed within the last fifty (50) years by a railroad and which parcel is the subject of an ordinance authorizing the acquisition of the parcel by the City for a public purpose, the applicant must submit proof of the abandonment of the railroad use or that an abandonment is not required under the Interstate Commerce Commission Termination Act, 49 U.S.C. 10501, or other applicable federal or state law.					

Digital Submission	Submitted			Waiver Requested	Remarks (for staff only)
	Yes	No	N/A		
1. Digital Submission - the following shall be submitted at least 10 days prior to the scheduled hearing for a Certificate of Appropriateness:					
A) One (1) digital PDF of the full plan representing an exact copy of the application to be presented at the scheduled hearing.					
(1) The PDF shall be a direct export from AutoCAD or similar program. Scanned copies are not acceptable.					
(2) The PDF file shall include all of the following, if applicable:					
(a) Certificate of Appropriateness application with case number					
(b) architectural and engineering plans preferably 24" x36"					
(c) All materials and colors specifications as previously detailed in the paper documentation checklist					
(d) current color photos and 1938 tax photograph					
(e) professional reports (i.e. engineer's report)					
(3) The PDF file shall be labeled (named) as follows:					
Case number - Block.lot - Address - Application Type.pdf					
(as assigned by the Historic Preservation Officer)					
Example: H00-001 - 12101.1 - 555 Washington St. - Rear Yard Addition.pdf					

RESOLUTION FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any resolution that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance/Resolution

ORDINANCE OF THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY ADOPTING AMENDMENTS TO THE LAND DEVELOPMENT ORDINANCE – CHAPTER 345-31H - HISTORIC DISTRICT CHECKLIST – TO ADD DIGITAL SUBMISSION REQUIREMENTS.

Initiator

Department/Division	HEDC	City Planning
Name/Title	Maryann Bucci-Carter, PP, AICP Matt Ward, PP, AICP <i>MW</i>	Director Senior Planner
Phone/email	201-547-5010	mcarter@jcnj.org mward@jcnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Resolution Purpose

This Ordinance will amend § 345-31H of the Land Development Ordinance to require digital submission of development applications that are scheduled before the Historic Preservation Commission. A previous ordinance adopted earlier this year required digital submissions of plans for all other development application checklist. This ordinance is simply a correction to bring uniformity to procedures for digital submissions and benefit record keeping division-wide. There are also some general housekeeping updates to the overall checklist.

I certify that all the facts presented herein are accurate.

[Signature]
Signature of Division Director

6/16/16
Date

[Signature]
Signature of Department Director

6/16/16
Date

SUMMARY STATEMENT

ORDINANCE OF THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY ADOPTING AMENDMENTS TO THE LAND DEVELOPMENT ORDINANCE – CHAPTER 345-31H - 31H - HISTORIC DISTRICT CHECKLIST – TO ADD DIGITAL SUBMISSION REQUIREMENTS.

This Ordinance will amend § 345-31H of the Land Development Ordinance to require digital submission of development applications that are scheduled before the Historic Preservation Commission. A previous ordinance adopted earlier this year required digital submissions of plans for all other development application checklist. This ordinance is simply a correction to bring uniformity to procedures for digital submissions and benefit record keeping division-wide. There are also some general housekeeping updates to the overall checklist.

City Clerk File No. Ord. 16.109

Agenda No. 3.F 1st Reading

Agenda No. 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.109

TITLE: AN ORDINANCE SUPPLEMENTING CHAPTER 332 (VEHICLES AND TRAFFIC) ARTICLE III (PARKING, STANDING AND STOPPING) AMENDING SECTION 332-22 (PARKING PROHIBITED AT ALL TIMES) OF THE JERSEY CITY CODE DESIGNATING 240 FEET ON THE NORTH SIDE OF LAIDLAW AVENUE WEST OF SUMMIT AVENUE; 315 FEET ON THE SOUTH SIDE OF LAIDLAW AVENUE WEST OF SUMMIT AVENUE; 60 FEET ON THE WEST SIDE OF SUMMIT AVENUE NORTH OF LAIDLAW AVENUE AND 125 FEET ON THE WEST SIDE OF SUMMIT AVENUE NORTH OF JEFFERSON AVENUE AS NO PARKING ANY TIME

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

1. Chapter 332 (Vehicles and Traffic) Article III (No Parking Any Time) of the Jersey City Code is hereby supplemented as follows:

Section 332-22 **PARKING PROHIBITED AT ALL TIMES**
No person shall park a vehicle on any of the streets or parts thereof described.

Name of Street	Side	Limits
Laidlaw Av	North	Collard St 222 feet east Summit Av 95 feet west <u>35 feet west of Summit Av 240 feet west</u>
	South	<u>35 feet west of Summit Av 315 feet west</u>
Summit Av	East	Academy St to Rock St Baldwin Av to Montgomery St Communipaw Av to Fairmount Av 200 feet south of Sip Av 118 feet south Route 139 to Howie Fink Way 135 feet south of Magnolia Av 94 feet south 368 feet south of Sip Av 76 feet south
	West	Fairmount Av to Baldwin Av Montgomery St to Sip Av 118 feet south of Magnolia Av 105 feet south Pavonia Av to Van Reipen Av Route 139 to Beacon Av <u>35 feet north of Laidlaw Av 60 feet north</u> <u>Projected northerly curb line of Jefferson Av 90 feet north</u> <u>145 feet north of projected northerly curb line of Jefferson Av 35 feet north</u> 101 feet south of Paterson St 25 feet south

2. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.

3. This ordinance shall be a part of the Jersey City Code as though codified and incorporated in the official copies of the Jersey City Code.

4. The City Clerk and the Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All material to be inserted is underscored.

JDS:pcl
(06.15.16)

APPROVED AS TO LEGAL FORM

Corporation Counsel

APPROVED: 
Director of Traffic & Transportation

APPROVED: 
Municipal Engineer

APPROVED: _____
Business Administrator

Certification Required ☐
Not Required ☐

ORDINANCE FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any ordinance that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance

AN ORDINANCE SUPPLEMENTING CHAPTER 332 (VEHICLES AND TRAFFIC) ARTICLE III (PARKING, STANDING AND STOPPING) AMENDING SECTION 332-22 (PARKING PROHIBITED AT ALL TIMES) OF THE JERSEY CITY CODE DESIGNATING 240 FEET ON THE NORTH SIDE OF LAIDLAW AVENUE WEST OF SUMMIT AVENUE; 315 FEET ON THE SOUTH SIDE OF LAIDLAW AVENUE WEST OF SUMMIT AVENUE; 60 FEET ON THE WEST SIDE OF SUMMIT AVENUE NORTH OF LAIDLAW AVENUE AND 125 FEET ON THE WEST SIDE OF SUMMIT AVENUE NORTH OF JEFFERSON AVENUE AS NO PARKING ANY TIME

Initiator

Department/Division	Administration	Engineering, Traffic and Transportation
Name/Title	Joao D'Souza at the request of Greg Kierce, Director of the Office of Emergency Management	Director of Traffic & Transportation
Phone/email	201.547.4470	JOAO@jcnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Ordinance Purpose

The "no parking" areas will accommodate emergency vehicle access near the OEM headquarters.

There have been a significant number of commuter vehicles parking in this area creating an issue for apparatus operators to enter and depart the facility. With the opening of the new middle school 3 on Summit Avenue this situation may only get worse.

This location is a fuel depot which is heavily utilized by various size FD apparatus and PD vehicles on a 24/7 basis. Frequently vehicle operators are challenged to maneuver around vehicles parked adjacent to the entrance/exit gates or across from the exit gate potentially delaying responses to emergency calls.

I certify that all the facts presented herein are accurate.



Director of Traffic & Transportation

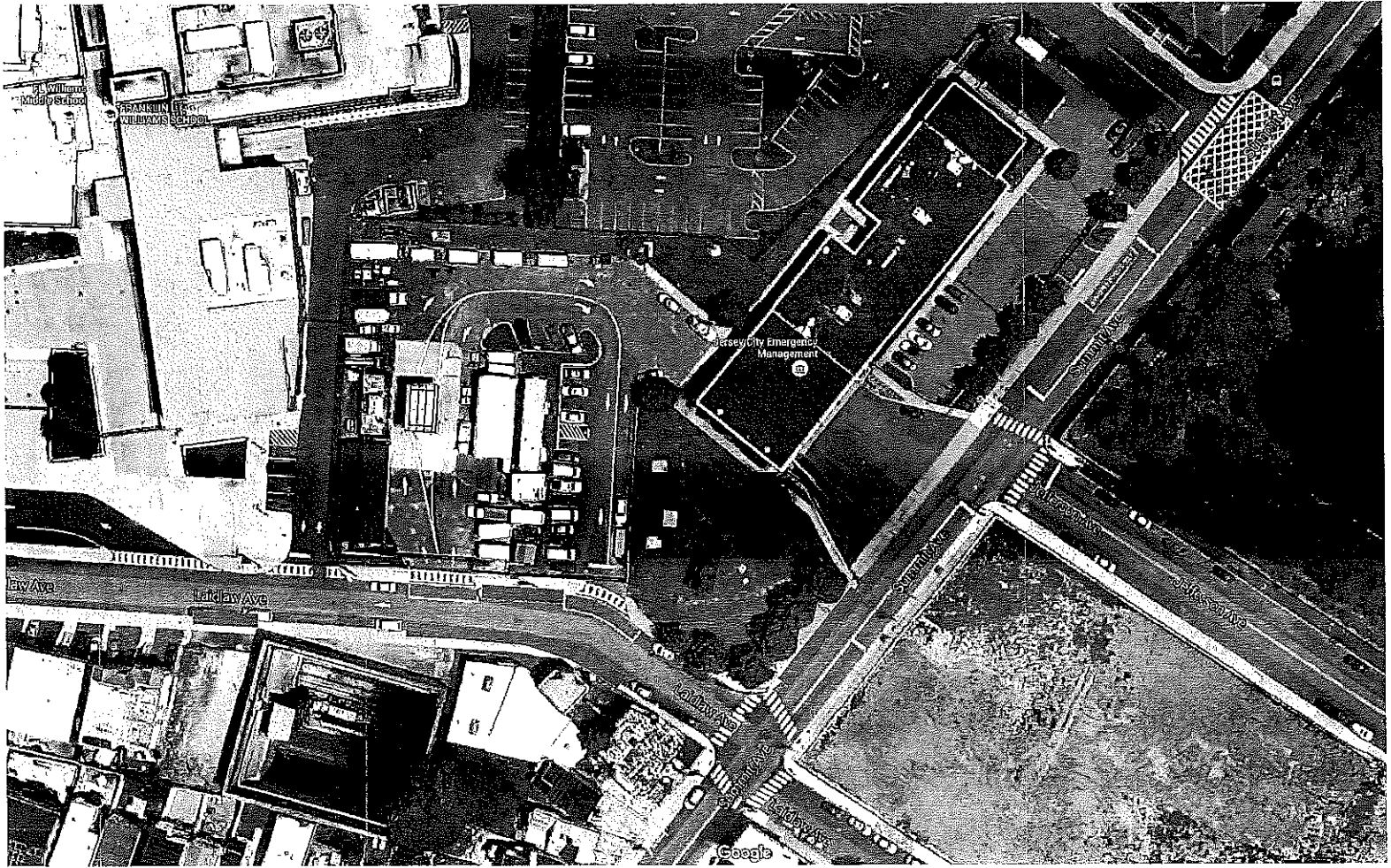
Signature of Department Director

6/16/16

Date

6/16/16

Date



City Clerk File No. Ord. 16.110

Agenda No. 3.6 1st Reading

Agenda No. 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE

offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.110

TITLE: ORDINANCE OF THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY ADOPTING AMENDMENTS TO THE VILLAGE REDEVELOPMENT PLAN TO PERMIT APARTMENT BUILDINGS ON BLOCK 12701, LOTS 8, 9, 10 AND 12

WHEREAS, the Municipal Council of the City of Jersey City adopted the Village Redevelopment Plan in January 1980, amended the Plan multiple times, most recently on May 13, 2015; and

WHEREAS, apartment buildings are currently permitted in this plan directly across First Street on Block 11110; and

WHEREAS, the majority of the Village Redevelopment Area was redeveloped as one- and two-family rowhomes; and

WHEREAS, an objective of the plan is to provide for a variety of residential uses and housing types for both existing residents and prospective new occupants; and

WHEREAS, the Planning Board, at its meeting of June 14, 2016, determined that the Village Redevelopment Plan would benefit from an amendment to permit apartment buildings on Block 12701, Lots 8, 9, 10, and 12; and

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that the Village Redevelopment Plan, be and hereby is amended as follows (material indicated by strikethrough *like this* is existing material that is intended to be deleted. Material indicated by bold italic *like this* is new material that is intended to be enacted.);

VII.A.b. Permitted Principal Uses

- Townhouses, except on Newark Avenue
- 3 family dwelling on corner lots.
- Apartment buildings, limited to block 11110 *and on block 12701, lots 8, 9, 10 and 12.*
- Retail sales, Medical Offices, restaurants (categories one and two), and/or Professional Offices and related services required on the ground floor and permitted on the 2nd floor of Apartment Buildings on Newark Avenue. Ground floor frontage is prohibited on First Street *on block 11110. Retail sales, Medical Offices, restaurants (categories one and two), and/or Professional Offices and related services are permitted in Apartment Buildings on block 12701.*

BE IT FURTHER ORDAINED THAT:

- A. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.
- B. This ordinance shall be a part of the Jersey City Code as though codified and set forth fully herein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.
- C. This ordinance shall take effect at the time and in the manner as provided by law.
- D. The City Clerk and the Corporation Council be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible repealers of existing provisions.
- E. The City Planning Division is hereby directed to give notice at least ten days prior to the hearing on the adoption of this Ordinance to the Hudson County Planning board and to all other persons entitled thereto pursuant to N.J.S. 40:55D-15 and N.J.S. 40:55D-63 (if required). Upon the adoption of this Ordinance after public hearing thereon, the City Clerk is directed to publish notice of the passage thereof and to file a copy of the Ordinance as finally adopted with the Hudson County Planning Board as required by N.J.S. 40:55D-16. The clerk shall also forthwith transmit a copy of this Ordinance after final passage to the Municipal Tax Assessor as required by N.J.S. 40:49-2.1.


Maryann Bucci-Carter, AICP, PP, Acting Director
Division of City Planning

APPROVED AS TO LEGAL FORM

APPROVED: 

Corporation Counsel

APPROVED: 

Business Administrator

Certification Required ☐

Not Required ☐

RESOLUTION FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any resolution that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance/Resolution

ORDINANCE OF THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY ADOPTING AMENDMENTS TO THE VILLAGE REDEVELOPMENT PLAN TO PERMIT APARTMENT BUILDINGS ON BLOCK 12701, LOTS 8, 9, 10 AND 12

Initiator

Department/Division	HEDC	City Planning
Name/Title	Maryann Bucci-Carter, PP, AICP	Director
	Matt Ward, PP, AICP	Senior Planner
Phone/email	201-547-5010	maryannb@jcnj.org / mward@jcnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

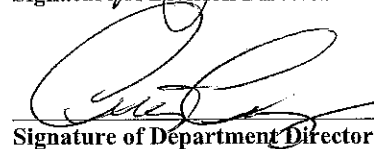
Resolution Purpose

The proposed amendments revise the permitted principal uses in the Village Redevelopment Plan. The Planning Board recommend amendments to permit apartment buildings on Block 12701 Lots 8, 9, 10 and 12. Permitting an apartment building will allow one of the last remaining sites in the Village Redevelopment Plan to be built out as a multifamily building with elevator access and off-street parking hidden from view from a public right-of-way. The amendment also permits ground floor retail on this site where it currently exists.

I certify that all the facts presented herein are accurate.


Signature of Division Director


Date


Signature of Department Director


Date

Department of Housing, Economic Development & Commerce
Division of City Planning



Inter-Office Memorandum

DATE: 6/16/2016

TO: Council President Lavarro, Anthony Cruz, Maryann Bucci-Carter

FROM: Matt Ward, PP, AICP

SUBJECT: Village Redevelopment Plan amendments

The proposed amendments revise the permitted principal uses in the Village Redevelopment Plan. The Planning Board recommend amendments to permit apartment buildings on Block 12701 Lots 8, 9, 10 and 12. Permitting an apartment building will allow one of the last remaining sites in the Village Redevelopment Plan to be built out as a multifamily building with elevator access and off-street parking hidden from view from a public right-of-way.

This site is located at the corner of Coles Street and First Street. Currently, this site is developed as a surface parking lot and a small mixed-use building with ground floor retail - Hudson County Arts Supply. Because of the existing ground floor retail and proximity to Newark Avenue, this amendment also permits ground floor retail on this site. Also, apartment buildings are under construction across First Street on Block 11110.

This amendment was presented by a representative of the property owner, Jeff Zak, to the Village Neighborhood Association (VNA) earlier this year. No objections to the amendment were communicated to the Division of City Planning or Planning Board by the VNA. The Ward E Councilperson was also updated of this amendment request.

Amendments received a favorable recommendation from the Planning Board at the June 14, 2016 meeting.

Summary Sheet:

**ORDINANCE OF THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY
CITY ADOPTING AMENDMENTS TO THE VILLAGE REDEVELOPMENT
PLAN TO PERMIT APARTMENT BUILDINGS ON BLOCK 12701, LOTS 8, 9,
10 AND 12**

The proposed amendments revise the permitted principal uses in the Village Redevelopment Plan. The Planning Board recommend amendments to permit apartment buildings on Block 12701 Lots 8, 9, 10 and 12. Permitting an apartment building will allow one of the last remaining sites in the Village Redevelopment Plan to be built out as a multifamily building with elevator access and off-street parking hidden from view from a public right-of-way. The amendment also permits ground floor retail on this site.